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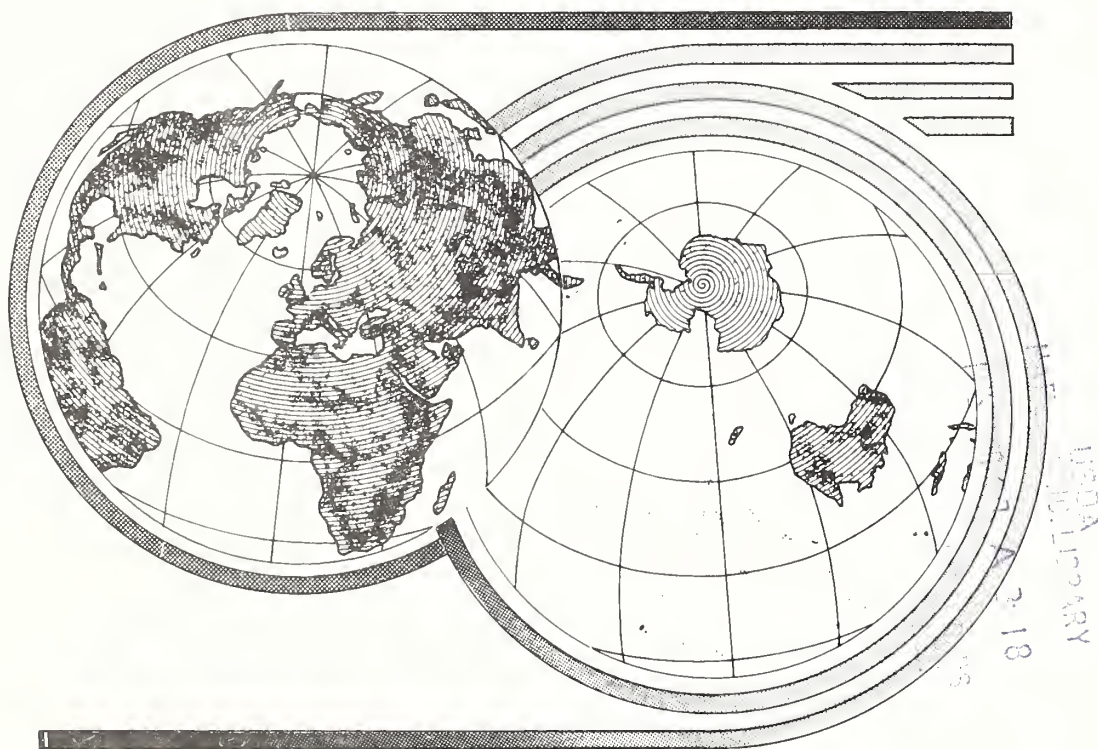


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# WORLD AGRICULTURAL Situation

WAS-17  
OCTOBER 1978



APPROVED BY THE WORLD FOOD AND AGRICULTURAL OUTLOOK  
AND SITUATION BOARD

ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE

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# OUTLOOK '79

## FOOD AND AGRICULTURAL OUTLOOK CONFERENCE



U.S. DEPARTMENT  
OF AGRICULTURE  
WASHINGTON, D.C.

NOVEMBER  
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# THE WORLD AGRICULTURAL SITUATION

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The *World Agricultural Situation* is published in June, September, and December. Agricultural situation reports for the world's major regions are published during March-May.

Weather around the world has so far been generally favorable for 1978/79 crops. Some trouble spots exist, such as locust infestations in parts of East Africa, flood damage in parts of the Indian subcontinent, and drought in Cape Verde and Madagascar.

World grain and oilseed crops are both expected to register increases in 1978/79. World cotton output, however, has been hurt by drought and insect problems in the United States and by flooding in Pakistan and the Sudan. Sugar production could possibly fall after 2 seasons of record output, as producers adjust to low prices and provisions of the International Sugar Agreement (ISA).

U.S. agricultural exports in fiscal 1979 may increase only marginally in value over fiscal 1978's \$26.6 billion, with volume close to that in fiscal 1978. The continuing sluggish rise in economic growth and high unemployment in the industrialized countries, the somewhat slower growth by OPEC (Organization of Petroleum Exporting Countries) because of cutbacks in petroleum output, and the slightly slower growth in the other developing countries estimated for 1978 imply little new increased stimulus to demand for agricultural imports in 1979. The recent depreciation of the dollar against major U.S. trading partners in Western Europe and Japan may lead to some improvement in the U.S. balance of trade in 1979, although the operation of many foreign agricultural trade policies tends to reduce this stimulus to increased volume of U.S. agricultural exports.

World grain production (wheat, coarse grains, and milled rice) is expected to be around 4 percent larger than in 1977/78. Despite a 12-percent drop in U.S. wheat production, world output will be sharply higher because of the prospective recovery of Argentina and Australia from drought-reduced 1977/78 levels and because of large crops in the USSR, Western Europe, and India.

An increase in coarse grain output also is forecast, due largely to recovery in Soviet and Brazil-

*Note:* Unless stated otherwise, split years (e.g., 1977/78 mean July/June. Fiscal 1978 means October 1977/September 1978). Tons are metric and dollars are U.S. unless otherwise specified.



ian output and to an increase in U.S. corn production. Very tentative early forecasts of world rice output suggest only marginal increases.

The rise in world grain output is likely to be larger than world utilization, so that some buildup in world grain stocks is anticipated. The United States will still hold at least two-fifths of world wheat and coarse grain stocks. World trade in wheat and coarse grains in 1978/79 may remain close to the record shipments of 1977/78.

Supplies of high protein meals and fats and oils are forecast to be larger in 1979, with most of the increases in output coming from foreign countries. However, much depends upon weather in the Southern Hemisphere, where crops are still to be planted. The soybean crops in Brazil and Argentina will be particularly important, since they are expected to account for almost 60 percent of the increase in world output of high-protein meals and 30 percent of the increase in fats and oils. Although the demand for these commodities is strong and is likely to remain strong, U.S. exports will begin to feel increased competition from Southern Hemisphere crops early next year.

Overall meat production in the major consuming countries continues little changed in 1978 from 1977. There have been offsetting changes in total output in some countries, while in others increases in pork and poultry have largely offset declines for beef. Several countries show indications of ending the cattle liquidation phase that has been going on since herds peaked around 1975, but the trends are still unclear. World beef production could drop sharply in future years if herds were built up simultaneously in several major producing countries.

World dairy output continues to grow in 1978. There appears to be a shift towards increased output of whole milk products, whole powder, and condensed and evaporated milk and away from production of nonfat dry milk.

Although sugar output is likely to be lower in 1978/79, consumption is expected to be less than output, so that a further addition to global stocks seems likely. Stocks at the beginning of 1978/79 already equalled about a third of total world consumption. Many smaller countries are increasing production to become self-sufficient even at currently high production costs relative to market prices. However, in both the European Community and the USSR, the beet area is down 1 percent. U.S. sugar output is expected to be about equal to last season. Many of the other major sugar-producing countries plan reductions to keep within export quotas set by the ISA. So far, 32 of the 55 countries that signed the ISA have fully ratified it; U.S. ratification is still pending in the Senate.

World coffee prices continued to ease through most of 1978, and world production should be up some 9 percent in 1978/79, with Brazil accounting for some 40 percent of the increase. Frost in August was too late to affect the 1978/79 Brazilian crop, but is expected to result in a smaller increase in 1979/80 output than otherwise.

World cotton production in 1978/79 is forecast to be somewhat short of expected consumption, pointing to a small drawdown in stocks. Although U.S. production will be down sharply along with several other major producers, the U.S. competitive position in foreign markets will be enhanced by the relatively small cotton stocks in foreign countries.

## WORLD ECONOMY REMAINS STEADY WHILE U.S. GROWTH FALTERS

Economic growth in most developed countries continues this year at about the same rate as in 1977, but may improve slightly in 1979. In contrast to 1977 and early 1978, when the United States was growing faster than most of its major trading partners, the growth in U.S. gross national product (GNP) has slowed somewhat. By the end of 1978, this slowdown may begin to help reduce the U.S. trade deficit by dampening the demand for imports. The decline in the dollar's exchange rate should also eventually act to limit imports and stimulate exports.

Although growth in some developed countries has picked up slightly this year, aggregate GNP growth in 1978 for all industrialized countries will be about the same as in 1977—about 3.6 percent (tables 1 and 2). This estimate includes the United

States which in mid-1978 was still growing faster than Germany, France, the United Kingdom, Italy, and some smaller industrialized countries. These growth rates continue the below-average recovery from the 1973-75 recession. Available forecasts for the European Community (EC) as a group show GNP growth at 2.5 percent in 1978 versus 2.2 percent in 1977.

In general, inflation rates continue to be high. Although there has been a decline in overall price levels since the mid-1970's, the increases are still running at about 7 percent a year (table 3). In recent months, U.S. price increases have risen above the average of the other major industrialized countries. Unemployment rates continue to be high in the major developed countries, putting a damper on economic growth. By mid-1978, only the United

States had reduced its unemployment rate substantially.

The developing countries that are not major oil producers have continued to sustain economic growth rates at about 5 percent in 1978, about one percentage point lower than average rates sustained during 1967-72. High population growth rates, coupled with below-trend economic growth, have reduced their gains in per capita income. They also continue to be hurt by the adverse shift in their terms of trade. Nevertheless, these countries have done remarkably well in maintaining growth and investment in the face of continued weak demand in the developed countries. Expanding exports, increased agricultural output and increased investment flows have been largely responsible. It may be that the lowered productivity in the capital-intensive developed economies has made the labor-abundant economies—primarily the developing economies—more competitive and attractive to investment. This hypothesis is supported by the investment trends in a number of the developing countries. Singapore, Brazil, Mexico, Korea, and Turkey have all benefited from direct and indirect investment flows that greatly exceed pre-1974 trends.

Overall economic growth in OPEC (Organization of Petroleum Exporting Countries) is projected to slow to about 5 percent in 1978, primarily because of a substantial decline in oil out-

put. Crude oil output now accounts for about two fifths of total gross domestic product. The non-oil sectors of these countries have also been expanded rapidly in recent years in order to increase diversification of their economies so as to make them less dependent on oil exports.

Growth in the volume of world trade in 1978 has been limited by slow economic recovery in the developed countries. The increase in total world trade is expected to be only 5 percent in 1978, compared with an average of some 9 percent for the decade ending in 1972. World trade prices should rise about 7 percent in 1978, reflecting the above-average inflation still prevalent in most countries. Prices have not risen uniformly across various classes of goods, however. Prices of primary commodities—especially coffee, cocoa, and tea—rose in 1976, peaked in mid-1977, and have since receded. Therefore, it seems likely that the non-oil producing developing countries will experience further deterioration of their terms of trade this year.

A substantial deficit in the overall U.S. trade balance is expected in 1978 despite a fairly continuous depreciation of the dollar against major U.S. trading partners in Western Europe and Japan (table 4). The trade balance may show some improvement by the end of 1978; otherwise the dollar may continue to decline. (*A. Vellianitis-Fidas*, 202-447-7590)

## WORLD PRICE DEVELOPMENTS

### Commodity Price Developments

Through August, prices of most agricultural commodities have declined or remained steady from recent months' levels as new crops have come to market. The gulf ports wheat price remained steady at \$3.53 a bushel as the U.S. registered a smaller crop than in 1977. The gulf ports price for corn declined slightly from its high spring levels to \$2.43 a bushel as the U.S. prepares to harvest a record corn crop. In recent months the gulf ports price for soybeans has declined to \$6.81 a bushel as U.S. soybean production recovered from last year's decline. Nevertheless, these commodities together with soybean meal, cotton, rice, and crude rubber were prices higher than they were a year earlier. Imported beef was priced lower than its May peak as strengthening prices at that time brought a round of heavy slaughter, but beef was still priced higher than it was a year earlier. Coffee and sugar prices, reflecting more ample supplies, declined through July, and in August are at levels lower than a year ago. Recent reports of a lower-than-

expected crop have sent cocoa bean prices upward, but not up to last year's high level.

There are lags in movements between international commodity price quotations, prices received by U.S. farmers, export and import unit values, and the consumer price index. Nevertheless, table 5 shows the interrelationship of movements in international commodity prices and prices at other marketing levels between the second quarter of 1977 and the second quarter of 1978. While prices received by U.S. farmers and the consumer price index for food rose, the U.S. agricultural export and import unit value indexes declined.

### Farm Commodity Prices

In August, U.S. farms product prices took a slight downturn from recent months as new crops came to market and cattle slaughter increased. Nevertheless, every major farm product except cotton is priced higher than it was a year earlier.

Through the second quarter, when U.S. farm prices were strongly advancing, Japanese farm



prices for livestock were declining (table 6). Japanese farm level prices for rice rose slightly, but potato prices increased sharply from their low level of a year earlier.

Through the first quarter of 1978, declines in EC crops prices were countered by sharp increases in livestock prices, particularly in France, the United Kingdom, Ireland, and Denmark.

Through July, terminal markets for livestock showed continuing price increases for beef. Argentine and Australian beef prices have also increased, with Australian beef prices making a very sharp jump between May and June of 1978.

Rising cattle prices continued to be the driving force in bolstering the Canadian farm price index. Second quarter 1978 Canadian farm product prices were up nearly 8 percent from a year earlier.

#### **Prices Paid by Farmers**

In August, U.S. farm input prices were steady from the previous month but were well above last year's levels. Nevertheless, compared with a year earlier, rising input prices were outweighed by larger increases made by prices received for livestock and crops. Livestock feed prices have declined in recent months, leaving feed priced slightly higher than a year earlier, but feeder livestock prices have risen sharply to possibly cut into the improved profitability of livestock enterprises. Hog-corn and egg-feed price ratios have declined from a year earlier, while broiler-feed, turkey-feed, and milk-feed price ratios are higher than they were a year earlier.

Compared with a year earlier, second quarter feed livestock ratios favored production of milk, eggs, hogs and cattle in Japan, but were less favorable for broilers. In the United Kingdom, cattle and hog price hikes more than balanced off increased cattle and feed costs (table 7).

#### **Export and Import Prices**

Export and import unit values necessarily lag behind farm and foreign trade price quotations. In recent months, prices of nearly all of the major U.S. export commodities have remained strong. Nevertheless, in the second quarter of 1978, the U.S. export unit value index was 10 percent lower

than it was a year earlier, as lower unit values for soybeans, soybean meal, and cotton outweighed the higher unit values for wheat, corn, soybean oil, tobacco, and rice.

The index of import unit values in the second quarter was 11 percent lower than it was a year earlier, as the 29-percent decline in the coffee import unit value overcame the influence of rising sugar, cocoa bean, beef, and natural rubber import unit values. The influence of the declining dollar-yen exchange rate may be reflected in the first quarter 1978 unit values of Japanese agricultural imports (table 8), since Japanese import unit values for key commodities declined more than U.S. export unit values during the same quarter, or declined when U.S. export unit values for the same commodity increased. The same situation may exist for West German agricultural imports.

#### **Consumer Prices for Food**

During July, the U.S. Consumer Price Index (CPI) for food rose 0.6 percent from June, following 6 months of sharp increases. Meat prices have taken especially large jumps from a year ago, while egg prices and coffee prices are well below last year's level.

Despite the rapid price-index increases registered in the United States from the second quarter of 1977 to the second quarter of 1978, only a few countries such as West Germany, the Netherlands, Japan, and Belgium have fared better than the United States in holding down inflation in food prices (tables 9 and 10). Strong increase in beef prices have also occurred in Australia and Canada. On a dollar basis, U.S. prices for most meats and eggs were lower than they were for most other major countries.

When food prices are compared with consumer buying power expressed in hourly wages or disposable income, other major foods are also measurably less expensive in the United States than they are abroad. In a recent OECD (Organization for Economic Cooperation and Development) survey, the share of private consumption expenditures for food, beverages, and tobacco was lower in the United States than in any other major country. (*H. Christine Collins*, 202-447-8646)

## **RECORD 1977/78 WORLD FERTILIZER CONSUMPTION**

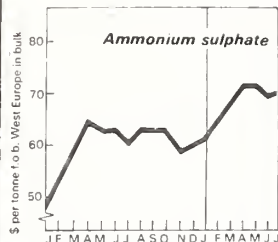
Preliminary estimates of 1977/78 world fertilizer consumption indicate that record quantities of nitrogen, phosphate, and potash were applied to the world's crops during the just completed fertilizer year. Global consumption of plant nutri-

ents in 1977/78 increased around 5 percent to just under 100 million tons despite a slow year in the United States.

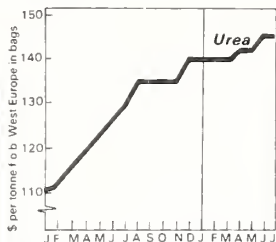
World fertilizer supply capability should be adequate to meet world demand through 1982/83,



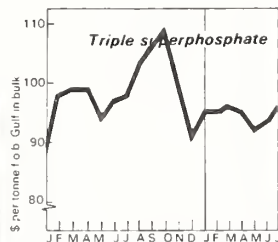
## RECENT INTERNATIONAL PRICE TRENDS FOR PRINCIPAL FERTILIZERS



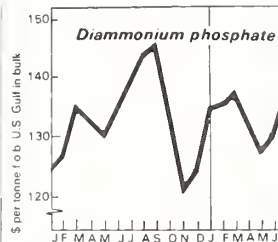
The market is firm with prices in Egypt indicating bulk f.o.b. prices in West Europe of between \$70 and \$75 per tonne. Relatively small parcels of bulk U.S. product are available at below \$70 per tonne f.o.b.



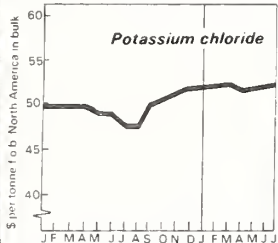
Urea prices have edged up steadily over the past few months helped by substantial sales to China, Egypt and the Indian sub-continent.



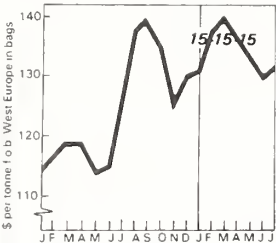
U.S. f.o.b. prices have increased noticeably since the expansion of Phoschem's membership but landed prices in Europe have not shown much change because of the generally high level of stocks.



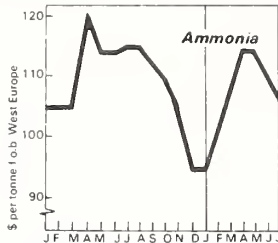
DAP prices in early August increased to \$140 per tonne f.o.b. and are expected to reach \$150 by September as the U.S. export boom continues.



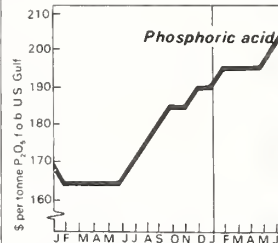
There are increasing signs of a firming in standard grade potassium chloride prices after a long period of stability.



There has been very little recent international interest in compound fertilizers and as a result price levels have been uncertain.



The ammonia market is now very depressed and there is unlikely to be much relief in the near future. Spot demand for ammonia is limited and there is an increasing surplus of ammonia as new export oriented facilities are complete and the build-up of Soviet exports continues.



There is a fairly low average level of plant utilization on a world-wide basis which has helped firm up prices in the first half of the year.

SOURCE: BRITISH SULPHUR CORPORATION, FERTILIZER INTERNATIONAL, NO. 111, SEPT. 1978, p.4.

USDA

NEG. ESCS 3153-78 (9)

although surplus supply capabilities for phosphates and potash are expected to decline through that year (table 11).

### Nitrogen

Although excess ammonia capacity exists in North America, Western Europe, and Japan, new production facilities in the USSR, Mexico, Trinidad and Tobago, and elsewhere are contributing significantly to increased world nitrogen export supplies. The USSR's ammonia exports totaled only 163,000 tons in 1976, but will probably reach about 700,000 tons this year, making that country one of the world's largest ammonia exporters. Mexico expects to have a third of a million tons of ammonia available for export this year following capacity expansions there. Japan has decided to reduce excess capacity in her nitrogen industry by reducing ammonia and urea capacities by 20 percent and 40 percent, respectively.

Diminished domestic demand, low ammonia prices, and high gas costs have forced shutdowns in the U.S. nitrogen industry. In the short term some U.S. nitrogen producers are considering importing ammonia rather than producing at a loss.

In the longer term U.S. producers are hopeful that research in the production of ammonia from coal can reduce their dependence upon high-cost natural gas as a feedstock. This technology is already used in South Africa, India, and Poland, and Brazil has plans to develop such facilities.

### Phosphates

Faced with apparently declining production of phosphate rock, the USSR has sought alternative sources of phosphatic materials. The Soviets have concluded a massive fertilizer exchange agreement with a U.S. company and have agreed to help finance and develop major new deposits in Morocco. Florida superphosphoric acid will be exchanged for Soviet ammonia, urea, and potash for a 20-year period in one of the world's largest trade agreements. Morocco and the USSR have agreed to jointly develop a major new phosphate rock mining area (near Meskala).

Poland has concluded a long-term agreement to exchange one-half million metric tons of sulfur for one million metric tons of Florida phosphate rock annually. The Polish sulfur would be used in making superphosphoric acid for shipment to the USSR.

A relatively new development involving phosphate rock is the recent construction or planning of commercial facilities to reclaim uranium oxide from phosphoric acid. Uranium oxide is used in the manufacture of fuel for nuclear power plants. The added value of this byproduct could make the exploitation of lower grade phosphate rock deposits more commercially feasible, thus increasing economically recoverable reserves.

### Potash

Despite weak U.S. demand in 1977-78, total sales of North American produced potash increased slightly due to a 24-percent increase in overseas exports, especially to Brazil, Japan, and India.

Export demand, apparently remains strong and, if U.S. demand also strengthens, 1978/79 could be a record year for North American potash producers and prices could increase moderately.

The Potash Corporation of Saskatchewan (PCS) has acquired about 40 percent of the province's potash capacity, making it the world's largest producer outside the USSR. Planned expansions at all three of its wholly owned mines will increase PCS's share to about 50 percent. Announcements by two competitors of intentions to open mines in New Brunswick may challenge the supremacy of PCS in Canada during the 1980's. (Richard Rortvedt, *National Economic Analysis Division*, 202-447-6620)

## U.S. AGRICULTURAL TRADE<sup>1</sup>

### Record-Large Exports in Fiscal 1978

U.S. agricultural exports are estimated at \$26.6 billion in fiscal 1978, which ended September 30, a tenth above the record value of fiscal 1977. The export tonnage of major bulk commodities was up about 15 percent. Because of low prices early in the year, export unit values for fiscal 1978 probably averaged generally lower.

U.S. exports of soybeans and soybean products were up a tenth to about \$6.3 billion in fiscal 1978. Strong livestock industries abroad and the Brazilian crop shortfall are major reasons for the increase. Soybean export volume was up more than

a fourth, and increases of more than a third occurred for soybean meal and oil.

Rebounding strongly from the reduced fiscal 1977 volume, U.S. wheat exports were up a fourth to about 31 million tons. Exports expanded to most regions, with the largest gains in shipments to Latin America, the People's Republic of China (PRC), Western Europe, and Africa.

Fiscal 1978 U.S. feed grain exports are estimated up about 6 percent in volume. The sharp drop off in shipments to Western Europe will be more than offset by heavy shipments to the USSR and increases to most other areas.

U.S. cotton exports were up about a fourth in volume in fiscal 1978. Most of the increase was due to larger shipments to Korea, PRC, Hong Kong, Japan, and Taiwan.

Fiscal 1978 U.S. tobacco exports were down about 7 percent in volume, but higher prices pushed the total value up to about \$1.1 billion. Larger shipments to the United Kingdom and Japan were offset by reduced shipments to West Germany and several other markets.

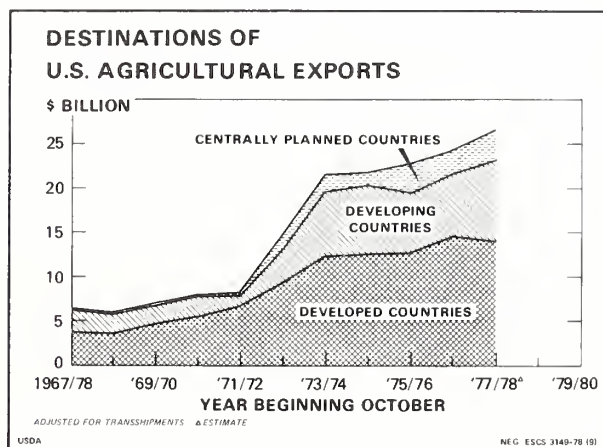
### Continued Export Strength Expected in Fiscal 1979

Early indications point to continued strong U.S. farm exports in fiscal 1979. The value of such exports should rise marginally, with volume near that in fiscal 1978.

Wheat and feed grain exports may about equal those in fiscal 1978 despite large 1978 grain crops abroad. Grain shipments to Western Europe, the USSR, and Eastern Europe could decline somewhat.

U.S. soybean exports are expected to increase further in fiscal 1979. World demand for protein

<sup>1</sup>This section is based in large part on a more detailed discussion contained in the *Outlook for U.S. agricultural Exports*, August 17, 1978, published by the Economics, Statistics, and Cooperatives Service and the Foreign Agriculture Service.



meal is strong, and additional Brazilian supplies will not be available until next spring. Soybean meal and oil exports are expected to drop back because of anticipated heavy competition in the second half of the year.

Fiscal 1979 U.S. cotton exports are expected to remain at about 5.5 million bales. Weather problems have reduced the output of several competing cotton exporters.

Of course, estimates of fiscal 1979 exports are very tentative at this time. Weather developments at home and abroad could change the outlook, and exports are also dependent on the pace of economic growth abroad and the policy decisions of foreign governments.

### Fiscal 1978 Imports Rose Marginally

U.S. agricultural imports for fiscal 1978 are estimated at a record \$13.7 billion. Value increases were achieved for most products, except coffee, sugar, and tea.

The volume of U.S. coffee imports was down about 6 percent in fiscal 1978. The import unit value dropped through the year to about a tenth below fiscal 1977. Import prices for other non-competitive items were higher.

Meat imports were up about 12 percent in volume, and fruit and vegetable imports also were larger. Following a 16-percent volume decline in fiscal 1977, vegetable oil imports were down substantially in fiscal 1978. (*Sally Breedlove Byrne, 447-8260*)

## WORLD GRAIN SUPPLIES INCREASE

### Production

Weather so far during the 1978/79 crop season has been generally favorable around the globe. World grain production (wheat, coarse grains, milled rice) in 1978/79 is forecast at 1,385 million tons, about 4 percent above the 1977/78 crop. Production of wheat is 8 percent higher at 412 million tons, and coarse grain production is forecast 4 percent higher at 720.4 million tons (tables 12, 13, and 14).

Wheat production is forecast to be sharply higher as several nations recover from 1977/78 drought-reduced production. Among exporters, the 1977 drought in Australia has been relieved, and 1978/79 Argentine wheat production is forecast to

weather. Western European wheat production is forecast to be about 14 percent above last year, while Eastern European production is down slightly. The Soviet wheat crop is currently forecast to be about equal to the 1973 record.

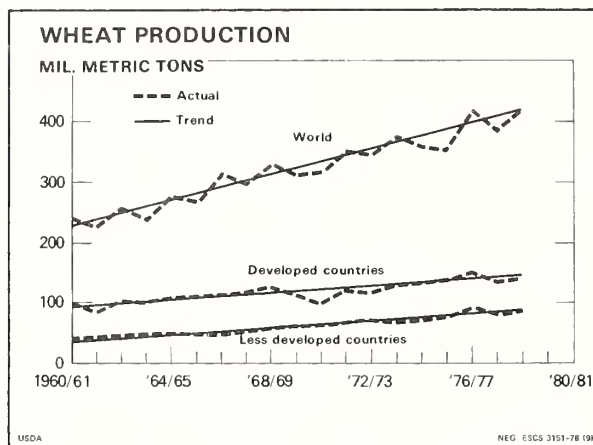
The 1978/79 wheat crop in the United States is forecast to be about 12 percent below 1977/78, partly reflecting the impact of the wheat set-aside program.

Wheat production in selected countries and regions

	1975/76	Prel. 1976/77	Forecast 1977/78	1978/79
Million metric tons				
Canada .....	17.1	23.6	19.8	20.3
Australia .....	12.0	11.7	9.4	12.5
Argentina .....	8.6	11.0	5.3	6.9
Western Europe .....	48.5	50.7	47.7	54.5
USSR .....	66.2	96.9	92.2	110.0
Eastern Europe .....	28.5	34.7	34.2	33.7
India .....	24.1	28.8	29.1	31.0
United States .....	57.8	58.3	55.1	48.7
World .....	350.0	415.1	381.4	412.4

rise as yields are expected to recover and area is forecast a fourth above last year. Canadian wheat production is forecast to be slightly above 1977/78 because of favorable weather. India is forecast to harvest its fourth successive large crop.

Wheat harvests in many major importing nations are also being treated favorably by the

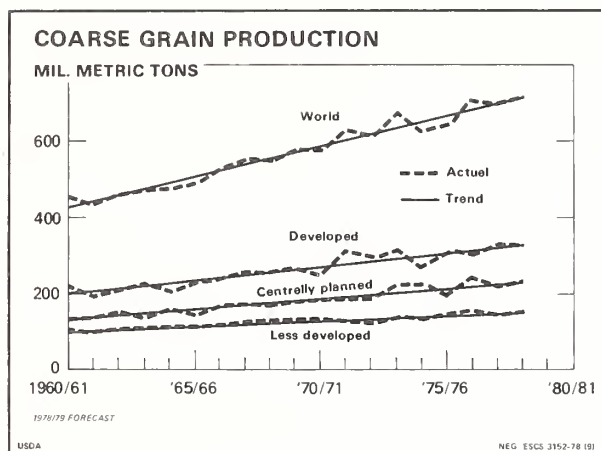


Among the United States' major coarse grain competitors, the national production forecasts are mixed. Australia, Thailand, and Brazil are forecast to recover from the drought-reduced 1977/78 crops. Canada, Argentina, and South Africa are forecast to have lower coarse grain outputs in 1978/79. South African yields may be lower and, although still above average, Canadian yields are not expected to be as high as during 1977/78. Argen-



Coarse grain production in selected countries and regions

	1975/76	1976/77	Prel. 1977/78	Forecast 1978/79
Million metric tons				
Canada .....	20.0	21.1	22.4	19.8
Australia .....	5.6	5.0	4.1	5.7
Argentina .....	12.4	16.9	17.6	16.0
South Africa .....	7.7	10.2	10.5	10.0
Thailand .....	3.3	3.0	2.2	3.2
Brazil .....	18.5	19.4	14.8	19.4
Western Europe .....	81.5	73.1	87.4	89.6
USSR .....	65.8	115.0	92.6	100.0
Eastern Europe .....	59.0	59.4	59.4	59.3
United States .....	185.1	193.9	202.3	209.2
World .....	644.4	702.1	693.9	719.6



tine coarse grain yield reductions are forecast to more than offset the slight increase in area. Forecasts of Southern hemisphere crops are very tentative since many of them are just beginning, or remain, to be planted.

Western European coarse grain production is forecast to be at the same level as the previous year, as cool, wet weather delayed crop development by 1 to 2 weeks throughout the summer. Eastern European planting in the spring of 1978 was delayed by wet weather. Soviet coarse grain production is forecast at 100 million tons, 8 percent greater than last year as moisture has been abundant thus far this summer.

In the United States, increased corn yields from good weather has offset governmental supply-management policies, such as the feed grains set-aside program. Although spring rains delayed planting, the continuation of abundant rainfall has allowed the coarse grains crop to develop well. Coarse grain production is forecast above the 1977/78 crop of 209 million tons.

World rice production in 1978/79 is forecast to rise nearly 3 percent, as crops are forecast to be

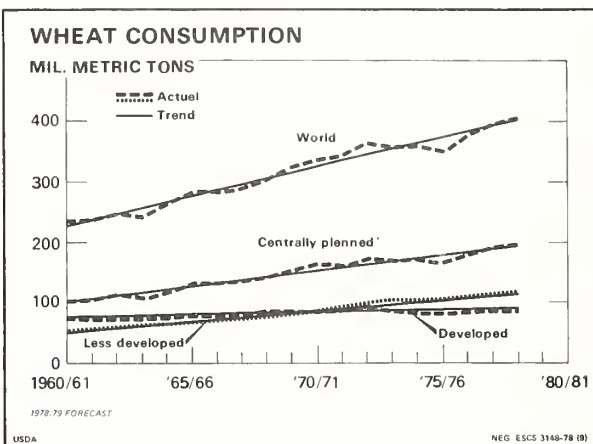
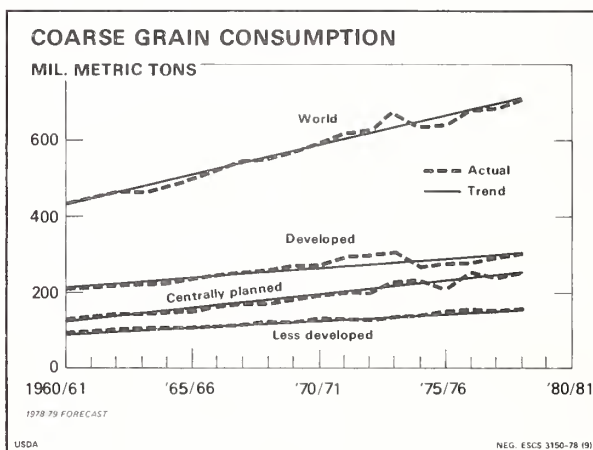
favorable in the People's Republic of China, India, Indonesia, Thailand, Bangladesh, the Philippines, and United States (table 15). In India the favorable monsoon has boosted the rice production forecast for 1978/79 to 80 million tons.

### Consumption

World utilization of wheat and coarse grains for 1978/79 is forecast to grow 3 percent to 1,118 million tons. Both are forecast to expand 3 percent, roughly in line with population growth.

Grain use in European Community (EC) livestock feeds is facing continued competition from grain substitutes, such as tapioca and corn gluten feed, because the Common Agricultural Policy (CAP) artificially raises the price of grain relative to the price of the grain substitute. As long as the CAP maintains the distortion of relative prices to the disadvantage of grain, increased grain use in the EC will be achieved grudgingly.

Wheat utilization in Japan is forecast to rise in 1978/79, but the continued expansion of coarse grain use is threatened by large rice stocks. The Japanese Government has declared its intention to





World utilization and stocks of  
wheat and coarse grains

	Utilization	Beginning stocks	
	Metric tons	Metric tons	% of use
	Million	Million	
1975/76 .....	998.5	121.8	12.2
1976/77 .....	1,001.7	117.4	11.1
1977/78 <sup>1</sup> .....	1,084.6	172.8	15.9
1978/79 <sup>2</sup> .....	1,118.0	163.5	14.6

<sup>1</sup> Preliminary. <sup>2</sup> Forecast.

dispose of such stocks, and may subsidize sales to feed compounders.

Utilization of wheat and coarse grains in several middle Eastern countries is forecast to continue to expand strongly as a favorable foreign exchange position allows them to improve per capita grain utilization.

### Trade

World trade in wheat and coarse grains during July-June 1978/79 is currently forecast to be 155 million tons, compared with 156 million in 1977/78.

Western European imports are forecast to be down about 3 million tons because of reduced wheat imports resulting from plentiful supplies. The sluggishness of coarse grain imports by the EC is a result of the CAP's distortion of relative prices to favor grain substitutes over grain.

Japanese imports of wheat and coarse grains are forecast to increase about 1 million tons, with nearly the entire increase in coarse grain imports. Wheat demand is virtually stagnant, and growth in coarse grain demand growth could be reduced if the Japanese government decides to dispose of excessive rice stocks through a subsidy to compounders.

Soviet imports of wheat and coarse grains are expected to be down about 6 million tons in 1978/79 reflecting improved grain production in 1978/79. The majority of the decline will be in wheat imports rather than coarse grains.

Exports of wheat and coarse grains by major competitors of the United States are expected to decline in 1978/79. Canadian exports of wheat and coarse grains will be about the same. The expected increase in coarse grain exports resulting from large barley stocks is likely to be offset by a reduction in wheat exports. Transportation bottlenecks at Canadian ports have not been rectified, and Canada may be forced to ship barley at the expense of wheat exports in order to allievate the large barley stocks.

The combination of drought-reduced 1977/78

wheat and coarse grain crops in Australia and large July-June 1977/78 wheat exports caused a sharp drawdown in ending wheat stocks in 1977/78. Therefore, despite improved wheat production, exports are forecast to be 3 million tons below July-June 1977/78 because the new crop will not be available until early 1979.

On a July-June year, Argentine wheat and coarse grain exports in 1978/79 are forecast to decline slightly. Argentina has agreed to make available 3 million tons of wheat and corn each of the next 3 years to the People's Republic of China, but the actual sales must still be negotiated.

Thai coarse grain exports are forecast to recover from drought-reduced levels, and South African coarse grain exports are also forecast above 1977/78 levels. The severe drought of January through March 1978 has nearly eliminated Brazil as a coarse grain exporter during July-June 1978/79, and that country will likely import over 1 million tons of coarse grains to meet the needs of the domestic feed industry.

Both India and Turkey are forecast to be exporting wheat during 1978/79 as they had another large harvest. Libya has entered a 5-year agreement with Turkey to purchase 300,000 tons of wheat each year.

Despite improved world production prospects, U.S. exports of wheat and coarse grains are forecast to approximate the high levels of 1977/78.

World rice trade in calendar year 1979 is forecast at 8.4 million tons, milled basis, down from 8.7 million in 1978, and 9.8 million in 1977. Bangladesh, Hong Kong, and Sri Lanka are some of the nations showing a decline.

Because of excessive rice stocks, Japan is considering food-aid rice exports over the coming 3 years, which will compete with U.S. rice in world markets.

Other key exporters who will probably face reduced rice imports include Thailand and Burma. Exports by the United States are forecast at about 2 million tons, milled basis, for calendar year 1979.

### Stocks

Beginning world stocks of wheat and coarse grains for 1978/79 declined an estimated 9.3 million tons from 1977/78 beginning stocks. Wheat and coarse grain carryin stocks in the United States were an estimated 13 million tons higher, while foreign beginning stocks were down 22 million tons. World beginning stocks as a percentage of world utilization apparently declined slightly in 1978/79 but still held well above the levels of 1975/76 and 1976/77. The United States holds about 45 percent of world wheat and coarse grain beginning stocks in 1978/79. (Philip L. Paarlberg, 202-447-8646)

## LARGER SUPPLIES OF MEALS AND OILS IN 1979

### Production

World production of high protein meals (44 percent soybean meal equivalent) and total fats and oils for 1978<sup>2</sup> is estimated to have increased appreciably above the levels of 1977 which were below the 1965-78 trend by over 7 percent and 4 percent, respectively. World production of high protein meals (HPM) for 1978 is estimated to be nearly 77 million tons, about 15 percent above 1977 and 3 to 4 percent above the 1965-78 trend (table 16). Production of all fats and oils for 1978 is estimated to be 52 million metric tons, a 9-percent increase and 2 to 3 percent above trend. U.S. production in 1977<sup>3</sup>, accounts for over half of the increase in world production of total fats and oils in 1978 and 93 percent of the increase in world production of HPM.

World production increases have been achieved in spite of the drought-reduced 1978 Brazilian soybean crop of only 9.9 million tons, an 18-percent decline and the first decline since 1968. The 1978 Peruvian fish catch is forecast to be near the reduced level of 1977. The 1977\* Soviet sunflower crop (5.9 million tons) and the 1977\* Indian peanut crop (5.5 million tons) were both below early expectations, but still represented increases over the output of the previous year.

In contrast, the 1977\* U.S. soybean and cottonseed crops were both up one-third and the Canadian rapeseed crop doubled to 1.8 million tons. Argentine sunflower production for 1978 set a new record at 1.6 million tons and soybean production continued its explosive growth in 1978 with a crop estimated at 2.4 million tons, 70 percent above last year. Continued growth is expected, but at a much reduced rate.

For 1979, abundant supplies of high protein meals and fats and oils are expected. Forecast world production of high protein meals is nearly 82 million tons, almost 7 percent above both the 1965-78 trend and 1978's above-trend supply. Also, forecast world production of fats and oils for 1979 is over 54 million tons, more than 4 percent above both trend and the previous year's production. In

the United States, 1978\* soybean output is expected to be up slightly to 48 million tons, sunflower seed up over one-fourth to 1.7 million tons, and U.S. cottonseed down by 15 to 20 percent to about 4.2 million tons. Unlike 1978, U.S. production should provide relatively little of the increase in the world's production of total fats and oils and high protein meals in 1979.

Important production increases forecast include the 1978\* Senegalese peanut crop (to double 1.2 million tons), the 1978\* Canadian rapeseed (over 50 percent to 2.7 million tons), and 1979 Malaysian palm oil production (23 percent to 2 million tons). The 1978\* Soviet sunflower crop is expected to increase to 6 to 7 million tons, and unfavorable rainfall this year is expected to reduce 1979 Philippine copra production by 15 percent to about 2 million tons.

Crucial to the 1979 oil and meal situations are the Southern Hemisphere crops which are not yet planted, and for which forecasts must be tentative. The 1979 Brazilian soybean crop is forecast to increase 36 percent to about 13.5 million tons while the Argentine soybean crop is forecast to increase about one-fourth to 3 million tons. This anticipated increase in 1979 Southern Hemisphere soybean crops would account for almost 60 percent of the increase in world meal production and 30 percent of the increase in world fats and oils production for 1979. These crops would not be available until about April 1979.

### Disappearance and Prices

The large increases in 1978 HPM supplies are expected to boost carryover U.S. soybean stocks<sup>4</sup> by about 1.2 million tons for the U.S. 1977/78 marketing year. Apparent world consumption of high protein meals for 1978 is forecast to increase about 10 percent above the depressed 1977 level to over 76 million tons. Larger meal supplies in 1979 are expected to increase U.S. soybean stocks during the 1978/79 marketing year by only about 240,000 tons. Apparent world consumption of all meals is forecast to increase another 6 percent in 1979 to about 81 million tons.

World demand for meals and oils in 1978 has proved stronger than many expected. Traditional major consumers, such as the EC, other Western European countries, Eastern Europe, and Japan have purchased increased amounts of oilseeds and meals to meet the growing needs of their livestock sectors. Feeding margins have been good in Europe

<sup>2</sup>Production of high protein meals and fats and oils available for consumption in the calendar year corresponds to crops harvested in that same year indicated in the Southern Hemisphere, but in previous year in the Northern Hemisphere. Products of coconut, palm, and fish which are produced throughout the year are reported on the same calendar year basis for production and consumption.

<sup>3</sup>To avoid confusion, an asterisk follows the year of Northern Hemisphere crops to remind the reader that such crops are assumed to be the basis of production and consumption of oils and meals in the following year.

<sup>4</sup>Including the meal content of soybean stocks.



and the high EC price of grains has made U.S. soybeans and meal very attractive, especially with the depreciation of the U.S. dollar relative to the currencies of some major consumers. The increased feeding of tapioca in the EC also has stimulated increased feeding of meals.

U.S. carryover stocks of soyoil<sup>5</sup> are forecast to increase about 260,000 and 60,000 tons, respectively during the 1977/78 and 1978/79 U.S. marketing years despite significantly larger supplies. The apparent world consumption of edible vegetable oils is forecast to be up 9 percent to nearly 35 million tons in 1978 and up another 6 percent to almost 37 million tons in 1979.

U.S. soybean prices, c.i.f. Rotterdam reached a peak for 1977 in April at \$384 (table 17), but the highest point reached in 1978 was only \$290 (April-May) because of more ample supplies. Anticipated continuing strong demand should maintain current price levels in spite of increasing supplies; prices may decline somewhat in the spring and summer

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<sup>5</sup>Including the oil content of soybean stocks.

of 1979 if large Southern Hemisphere crops are obtained.

#### Trade

U.S. exports of soybeans and products have been strong since the fall of 1977 and are certain to remain so at least through the spring of 1979. During the 1978 marketing year, U.S. exports of soybeans were up an estimated one-fourth to 19.1 million tons, and exports of soy oil and soy meal were up by about 30 percent to 907,000 tons and 5.4 million tons respectively. Smaller-than-expected output in Brazil, Senegal, India, and the USSR increased the demand for U.S. exports in the 1977/78 marketing year, particularly in the last half.

To take advantage of good soybean prices, Brazil and Argentina will have shipped essentially all their soybean exports from the 1978 crops by this time. U.S. soybean exports will have almost no competition until April 1979, and Brazilian soy meal and soy oil availabilities for export for the first half of the 1978/79 U.S. marketing year will be significantly less than the same period last year. (*Gene R. Hasha*, 202-447-9160)

### BEEF PROSPECTS IN DOUBT

Current information largely confirms earlier reports suggesting steady 1978 meat production in major consuming countries. Declines in U.S. beef and mutton production appear to be almost entirely offset by rises in U.S. pork and poultry output. A similar outlook prevails in Canada where lower beef production will be almost compensated by an estimated 12-percent increase in pork output plus a small increase in the poultry sector. In the EC, and Japan, production of all meat categories is forecast to increase. Meanwhile, reduced supplies of beef and mutton from Oceania are expected to be supplemented by increased production in Argentina and Uruguay. In Western Europe, beef output is steady or growing, after a slight drop in 1977 production.

The condition of the world's cattle herds, however, raises questions about the likelihood of continued beef production at 1977 and 1978 levels.

For a number of important countries and regions of the world meat economy, including the United States, 1975 was a peak year for beef production and herds, with annually declining production since that year. For Europe the ensuing years have been unsteady, with the EC authorities striving to maintain practical net self-sufficiency in its meat supply. There seems to be a distinct possibility that world beef production may drop

sharply if herd buildup occurs simultaneously in several of the major producing countries.

In the United States, cattle herd liquidation continues for the third straight year and will soon be entering the fourth. The expected January 1, 1979 cattle and calf herd (110 to 112 million head) may be 15 to 17 percent lower than the record number of 1975 and the smallest herd since 1970. Larger percentage declines are being reported for beef cows and replacement heifers than for the entire inventory, indicating that liquidation is continuing. After this fall's annual calf sales, expected at sharply increased prices, cow slaughter may drop and herd buildup start.

A high level of cattle feeding continues and fed cattle marketings are expected to exceed last year's level through 1978. But increases in fed beef output are not expected to offset declines in nonfed beef production and, for the year, beef production may be down 4 percent. Next year, beef production will drop further even with larger fed cattle slaughter, and additional annual declines in beef production are expected through 1981. On the other hand, pork production is expanding, though slowly, and poultry output is also rising.

In the EC, cattle numbers also hit a record high in 1975. That year saw record slaughter and beef production, and the herd count was down

successively during the following 2 years. Herd rebuilding occurred during 1977, and the resulting dropoff in beef production was offset by heavier culling from dairy herds, a principal source of beef in Europe. Production in 1978 seems to be recovering slightly to about the 1976 level, but the trend is not firm. In spite of high intervention stocks of beef held by EC authorities and depressed beef prices, moderate herd buildup is expected in response to high EC milk prices, good forage supplies, and favorable prices for high protein feeds. But the outlook for rising beef production in coming years is in doubt. Prospects are for the EC beef trade to continue narrowly balanced on a net basis at around 300,000 tons with production approaching the 6.5-million-ton level. Pork production is expected to rise to 8.4 million tons.

Cattle herds in Canada, Argentina, and Uruguay also peaked in 1975, declined successively over the next 2 years, and appear to have dropped since the peak by 12, 4, and 15 percent by early 1978. Australian and New Zealand cattle herds peaked in the following year, 1976, and were off from the peak years by 12 and 5 percent, respectively, at the beginning of 1978.

Under pressure of disposing of liquidation supplies, some of these countries are world leaders in consumption. Figures for 1977 show Argentina as world leader in beef consumption per capita with over 88 kilograms (with total meat at 108 kilograms), while Australia led the world in total meat consumption per capita with 120 kilograms (of which beef comprised 71). (For comparison, the United States consumed per capita 59 kilograms of beef and 113 of total meat; the EC consumed 25 kilograms of beef and 74 of total meat).

Mexican herds and production are reported to be steady. Central American herds and production are rising. Brazil's herds continue to grow and were at record levels in early 1978, with beef production steady. These regions seemingly were not involved in the 1975 production peak.

Production patterns in other Western European countries resemble those of the EC, with both herds and production down from 1975 but up in 1978, approaching levels of 1976. Pork and poultry production generally are rising in all commercial regions. Livestock herds and output in the Soviet Union are both increasing. (*Donald W. Regier*, 202-447-9160)

## EXPECTED CONTINUED RISE IN DAIRY OUTPUT

World milk output in 1977 was up 2.7 percent over 1976 and a 1-percent increase is expected for 1978. Regional increases by major producers were 2.5 percent in the EC, 6 percent in the Soviet Union, and 2 percent in the United States. Australian output fell 8 percent due to policy actions and weather conditions. A trend toward increased production of whole milk products, whole powder, condensed and evaporated milk, is surfacing in Canada, the EC, Australia, and New Zealand which have found export markets in the Middle East, Africa, Asia, and Latin America.

World dairy stocks are shifting into butter, up 20 percent over 1976. An increase in butter production of 1 percent was led by 11-percent growth in the United States. The EC, whose stocks exceeded 400,000 tons in 1977 and are expected to rise 4 percent in 1978, exported 14 percent of its 1977 butter production at U.S. \$2.35 per kilogram, a subsidy more than 30 percent of its intervention price. New Zealand butter stocks are expected to slip 3 percent in 1978 while butter exports hold steady. Its markets, including Japan, Portugal, Iraq, USSR, Venezuela, and the People's Republic of China were paying U.S. \$1.39 per kilogram for creamery butter and \$1.55 per kilogram for canned butter (f.o.b. Wellington, December 1977). Australia's

production was down 20 percent as reduced milk supplies were shifted into wholemilk powder production.

World cheese production grew 3 percent in 1977 and stocks rose 1 percent above levels. Expectations for 1978 gains in production and exports are 4 percent and 5 percent, respectively. For 1977, heavy EC subsidies helped increased exports 4 percent, while stocks were up 12 percent and production rose 5 percent. Exclusion from the United Kingdom cheese market has caused New Zealand to cut production 23 percent as milk is shifted into other products. Australian exports decreased 23 percent in 1977/78. The Middle East has appeared as a rapidly growing import market; eight selected countries increased imports 120 percent between 1973 and 1976. Iran, the largest importer, tripled purchases in 1976.

Nonfat Dry Milk (NFDM) production remained at 1976 levels in 1977 while stocks declined 19 percent. The EC cut production 4 percent by shifting into casein and used a near 70-percent subsidy to boost exports of skimmed-milk powder, priced at U.S. \$400 per ton, 2-1/2 times above 1976. Greater subsidies for feed use keep NFDM competitive with U.S. soybean meal. New Zealand production slipped 1 percent in favor of casein and wholemilk



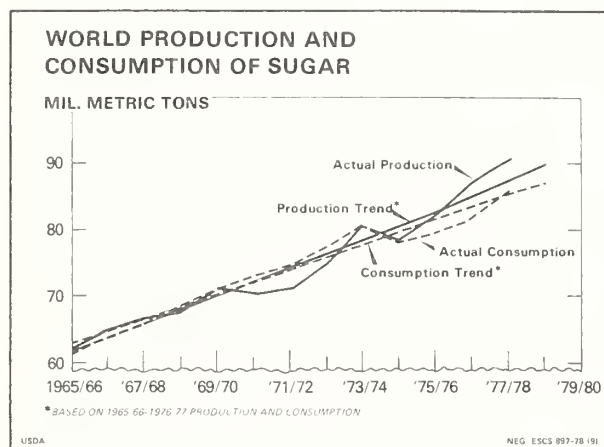
powder in 1976/77 while raising exports 51 percent, mostly to Southeast Asia and Latin America for reconstituting.

Eight major casein producers increased output

11 percent in 1977 with Exports from these nations increased 40 percent with the United States taking 40 percent of shipments, a share that is expected to decline in 1978. (Howard H. Conley, 202-447-8646)

## SUGAR PRODUCTION POSSIBLY LOWER IN 1978/79

World sugar production could be lower in 1978/79 after two seasons of record production and a stocks gain of about 10 million tons (table 18). Estimated ending stocks for the 1977/78 season ending August 31 are 28.7 million tons, or 33.5 percent of consumption volume. The London daily price for raw sugar weakened steadily between January and July, reaching a low of 6.4 U.S. cents a pound, Caribbean basis, but strengthened in August to about 7.5 cents.



World centrifugal sugar production and consumption and 1965/66-1977/78 linear trend

Year	Production		Consumption	
	Actual	Trend	Actual	Trend
Million metric tons				
1969/70-71/72	70.9	72.2	73.0	72.1
1975/76 .....	81.9	83.1	79.5	81.4
1976/77 .....	86.8	85.3	81.6	83.3
1977/78 .....	<sup>1</sup> 90.6	87.5	<sup>1</sup> 85.6	85.2
1978/79 .....	<sup>2</sup> 87-91	89.6	<sup>2</sup> 88	87.0

<sup>1</sup> Estimate. <sup>2</sup> Forecast.

Preliminary estimates of world sugar output in 1978/79 show a range of 87 to 91 million tons compared with 90.6 million tons in 1977/78. Consumption is forecast at 88 million tons so that a further addition to world stocks seems likely.

Many smaller producing countries are increasing production to become self-sufficient even at currently high production costs relative to market prices. However, in both the European Community and the USSR, the beet area is down 1 percent. U.S. sugar output is expected to be about equal to last season. Many of the other major sugar-producing countries have reduced planned output to keep within their export quotas as established by the International Sugar Agreement (ISA).

Brazil has authorized a 1978/79 production of 7.2 million tons (raw and refined) after a 15-percent gain to 8.6 million tons in 1977/78. Brazil plans to export 1.9 million tons, of which 300,000 would be from stocks; the use of the sugarcane equivalent of 2.1 million tons of sugar for alcohol production has also been authorized for 1978/79.

Forecast production in Argentina will be about 12 percent below 1977/78. Australia's crop will be lower by about a similar amount, also to conform with ISA export terms but partly because of drought in Queensland. Thailand's sugarcane growers are being urged to diversify and 1978/79 area may fall as much as 10 percent.

Although the 1978 EC beet area has been reduced slightly, and 1978/79 production may fall almost 1 million tons, prospects are for another sizable surplus over domestic requirements. EC 1977/78 output is an estimated 2.3 million tons above consumption; in addition, EC imports under the Lome Convention are about 1.35 million tons. As the EC ranks first in world production, second only to the USSR in consumption, and is both a large importer and exporter, its role with respect to the ISA is of material importance. Negotiations for including the EC in the ISA may take place in October.

Of the approximately 55 countries that have signed the ISA, only 32 have fully ratified it. U.S. ratification is still pending before the Senate. Without ratification, there is no domestic authority to implement some key elements of the Agreement such as to limit imports from Agreement non-members and to allow for full participation in the stock financing arrangement. U.S. imports for calendar 1978 are expected to total between 3.8 and 4.2 million tons, down from the unusual 6.14 million tons in 1977. (Robert D. Barry, 202-447-9160)

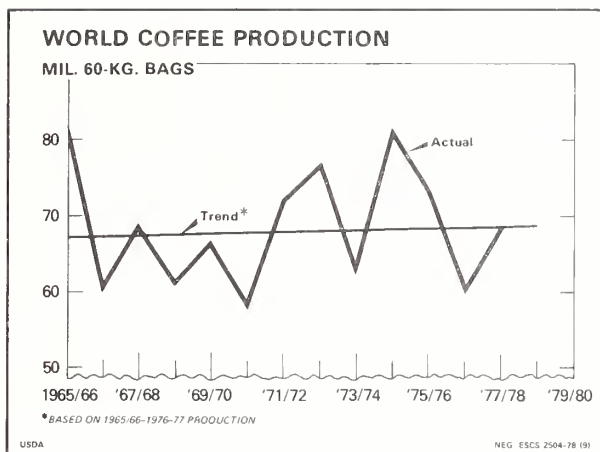
## COFFEE PRODUCTION UP IN 1978/79

World coffee production in 1978/79 is estimated at 74.5 million (60-kg.) bags, up some 6 million bags or 9 percent from the previous season. Exportable production (total production less consumption in producing areas) is estimated at 56.5 million bags, 10 percent above 1977/78 (table 19).

World green coffee production and 1965/66-77/78 linear trend

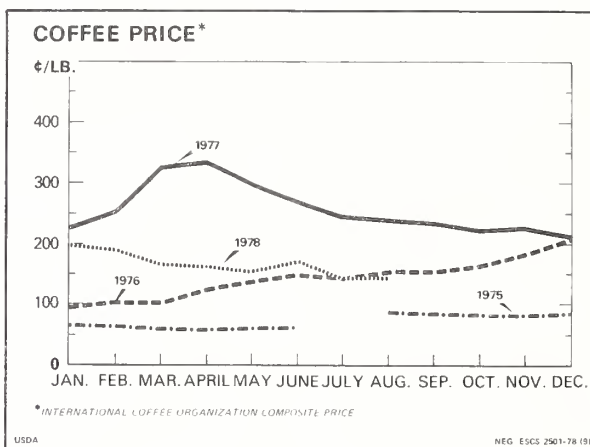
Year	Actual	Trend	Deviation
Million 60-kilogram bags			
1969/70-71/72 ....	65.5	68.4	-2.9
1975/76 .....	73.2	68.7	4.5
1976/77 .....	60.6	68.7	-8.1
1977/78 .....	<sup>1</sup> 68.5	<sup>1</sup> 68.8	-0.3
1978/79 .....	<sup>2</sup> 74.5	<sup>2</sup> 68.8	5.7

<sup>1</sup> Estimate. <sup>2</sup> Forecast.



on the 1978/79 crop which has already been largely harvested. The full effects on the 1979/80 crop are not yet known, but results of a special survey by personnel of the Office of the U.S. Agricultural Attache in Brasilia during August 28-September 8 has indicated that the potential out-turn could be reduced by some 5 million bags. Prior to the cold front, Brazil's recovery from the 1975 frost appeared to be on target and the 1979 crop had been estimated at close to 25 million bags. As of June 30, 1978, Brazil's green coffee stocks were about 10 million bags.

As uncertainty developed over the Brazil situation, the International Coffee Agreement (ICA) composite price for coffee (the four major varieties) increased from \$1.36 a pound in early August to \$1.53 a pound on August 31. The composite price averaged \$2.56 in 1977 and \$2.00 in January 1978.



Brazil will account for some 40 percent of the world increase, with coffee output up 14 percent this season, as coffee trees continued to recover from the severe 1975 frost. Brazil's 20-million-bag production is slightly lower than earlier expected, as extended drought in some areas reduced bean size. El Salvador's output, estimated at 2.9 million bags, has rebounded by 45 percent from the poor 1977/78 harvest and accounts for 15 percent of the total world increase.

The outlook for world coffee trade was disturbed by news of a cold front that hit Brazil's coffee area on August 13-15. There will be no material effect

Major world coffee producers met in Bogota, Colombia in August to prepare for the International Coffee Organization Council meetings in late September. It was the consensus that the economic provisions of the ICA should be implemented for the coffee year beginning October 1, 1978, and that the price support range (trigger price at which export quotas would be imposed) should be raised substantially from the 63-77 cents established when the ICA came into effect in 1976. Economic provisions of the Agreement have never been implemented because prices have been consistently above the trigger price. (Robert D. Barry, 202-447-9160)

## COTTON PRODUCTION LIKELY LOWER

World cotton production in 1978/79 is forecast at 61.5 million bales, somewhat short of expected consumption and pointing to a drawdown in stocks (tables 20 and 21). At the predicted levels, production would drop more than 3 percent from 1977/78, while consumption would rise one percent. With beginning stocks of 22.5 million bales—2.3 million above 1977/78—cotton availabilities in 1978/79 will be above last season.

Cotton prices have generally strengthened, with the Outlook 'A' Index (average of 5 lowest-priced of 10 selected growths, c.i.f. Northern Europe) averaging 73.2 cents a pound in August 1978, compared with 63.6 cents a year earlier and a 1977/78 seasonal low of 57.9 cents last November.

Since yields for 1978/79 are still subject to variation, the world cotton crop could still differ from the current estimate. The U.S. cotton crop, planted on about 5 percent less area, could be 20 to 25 percent below last season given current weather and insect problems. Heavy rains have delayed the Sudan crop and could reduce plantings and production in 1978/79. Despite government support, availability of production inputs, and good planting conditions, Pakistan will not obtain the

earlier-expected 2.9 million bales of cotton because of heavy monsoon rains.

Earlier weather problems in the USSR necessitated replanting and reapplication of fertilizer. However, heavy spring rains replenished irrigation water supplies and good summer weather could produce a crop close to last season's record. In the PRC, yields apparently have recovered from the poor 1977/78 crop but will still be below the 1973/74-1975/76 record levels.

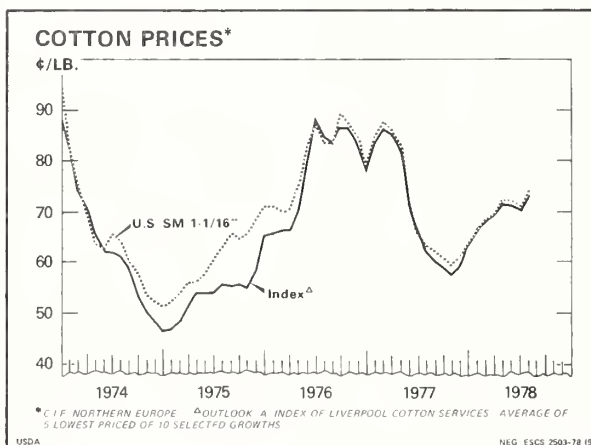
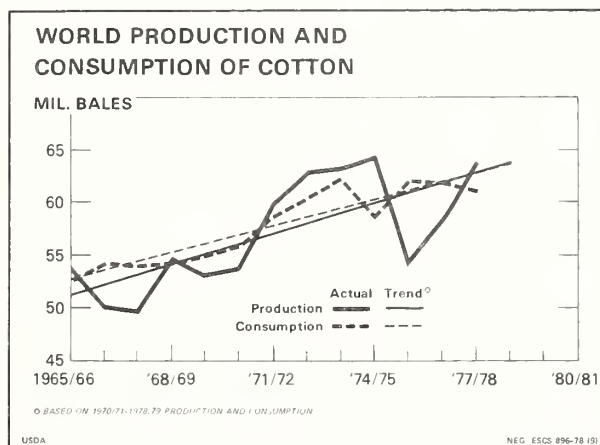
Much of the modest 800,000-bale predicted increase for world cotton consumption will occur in Asia. Excluding the PRC, Asia's consumption should rise about 700,000 bales, notably in Pakistan (3 percent higher), South Korea (10 percent), and India (4-½ percent). Japan continues to face strong pressure from textile imports, and cotton mill consumption could hold at 2-½ million bales in 1978/79, some 100 thousand less than last season. Egypt is expanding its textile industry in an effort to boost textile exports and plans to increase its mill cotton consumption 5 to 7 percent on top of a 5-percent increase in 1977/78.

World cotton trade in 1978/79 is forecast at about 19 million bales, some one-half million less than in 1977/78 but still much above the 1976/77 volume of 17.8 million. The PRC, estimated to have imported about 2 million bales in 1977/78 (triple the 1976/77 level), is expected to import a large volume again this season. Several major countries are predicted to have smaller cotton export availabilities as a result of either production reductions (Turkey, Egypt, Sudan, Mexico) or higher mill consumption (Turkey, Egypt, Pakistan). Foreign stocks as of August 1, 1978, represented less than 4 months consumption. U.S. exports in 1978/79 are forecast at 5.6 million bales (480 lb.), slightly larger than last season (table 22). (Robert D. Barry, 202-447-9160)

World cotton production and consumption and 1965/66-1977/78 linear trend

Year	Production		Consumption	
	Actual	Trend	Actual	Trend
Million 480-lb. bales				
1969/70-71/72	55.5	56.2	56.4	56.8
1975/76 . . . . .	54.2	60.9	61.9	61.1
1976/77 . . . . .	58.3	61.8	61.8	61.9
1977/78 . . . . .	<sup>1</sup> 63.7	62.7	<sup>1</sup> 61.1	62.8
1978/79 . . . . .	<sup>2</sup> 61.3	63.7	<sup>2</sup> 61.6	63.6

<sup>1</sup> Estimate. <sup>2</sup> Forecast.





## REGIONAL AGRICULTURAL DEVELOPMENTS

### United States<sup>6</sup>

Total U.S. crop output in 1978 is expected to be only a little below last year's record high. After a cool, wet spring, summer weather has been generally favorable for crop development in most areas of the country. If weather remains favorable through the fall harvest season, large supplies will be exerting downward pressure on crop prices. Working in the other direction, however, are continued strong domestic and export demand along with government programs designed to build reserves for future years and support prices for major field crops.

On balance, average farm prices for crop commodities are expected to dip a little further from last spring's peak through the major harvest season. But they probably will remain substantially above last year's lows, possibly averaging 5 to 10 percent above a year earlier during the fourth quarter.

### Feed Costs and Livestock Prices Encourage Expanded Feeding

Large feed supplies, along with much more favorable producer prices for livestock products compared with other recent years, are expected to result in continued expansion of fed beef, pork, and poultry output this fall and on into 1979. However, a reduced cow herd and declining output of nonfed beef likely will keep total supplies of red meat and poultry about the same as a year earlier.

In addition, after 2 years of expanding output, dairy production is contracting a little in 1978 and may be down about 1 percent for the year. Egg output, which was up sharply during the first half of 1978, will probably also dip to near year-earlier levels this fall, as low prices caused producers to cut back.

Prices for cattle, hogs, and broilers rose sharply during the first half of the year, mainly reflecting strong consumer demand, supplies near year-earlier levels, and uncertainty concerning future supplies. While some of these advances have been eroded this summer, meat animal and poultry prices are expected to register only a small seasonal decline this fall and remain well above a year earlier. Farm milk prices this fall probably will run above support levels and could average about a tenth above last year. In total, prices received by farmers for livestock and products currently are expected to dip just a little this fall but

still average 20 to 25 percent above a year earlier. For all of 1978, farm prices for livestock and products may average around a fifth above 1977.

Combined output and price prospects for both the crop and livestock sectors continues to point to a much stronger farm economy through the remainder of 1978, compared with a year ago. Consequently, earlier estimates of a 12-percent jump in this year's gross farm income still appear well within reach, and 1978 net farm income before inventory adjustment is likely to be up around \$5 billion from last year's \$20 billion.

### Food Prices to Level Off

With expected moderate seasonal declines for farm commodity prices serving to offset further increases in marketing charges, retail food prices should be much more stable during the remainder of the year than they have been to this point. Among major food categories, lower prices for meat and fresh produce—items which contributed heavily to food price increases earlier this year—are expected to just about offset further price increases in most other food categories.

Largely reflecting increases which had occurred by July, second half grocery prices may run 10 to 12 percent above a year earlier. However, retail prices for all foods in 1978 still are expected to average around a tenth above 1977, reflecting smaller year-earlier differences for grocery prices at the beginning of the year. (*Larry Summers, National Economic Analysis Division, 202-447-7330*)

### Other Developed Countries

#### Grain Outlook Favorable

In spite of generally unseasonable weather which continued in varying degrees into the summer months over much of Western Europe, the region's 1978 grain crop prospects are highly favorable. The European Community (EC) expects a bumper grain harvest, with wheat production up 13 to 14 percent over the 1977 production level. Coarse grain production is expected to be 2 to 3 percent below last year's crop, mainly attributable to a smaller—but still large—barley crop.

In other parts of Western Europe, both wheat and coarse grains are expected to be up from last year's level. The only major exception is Portugal where, for the second consecutive year, an extremely poor crop is expected—some 40 percent below normal. Unfavorable weather, seeding problems, and uncertainty created by agrarian reform have again cut heavily into planted area.

<sup>6</sup>This section is based on a more detailed discussion of the U.S. agricultural situation contained in *Agricultural Outlook*, AO-36, published by the Economics, Statistics, and Cooperatives Service, September 1978.



Crop conditions have been generally good in the Canadian prairie provinces despite isolated reports of early frosts. Wheat production is expected to reach about 20 million tons, with higher-than-average yields. Dry conditions in Ontario have been affecting the Canadian corn and soybean crops, although the extent of damage has not been fully determined.

Canadian wheat exports for marketing year 1977/78 (August/July) are estimated to have reached 16.3 million tons despite shipping difficulties during the year. Due to the relatively high initial payment in relationship to world market prices, producers probably will not receive any additional payment for the 1977 crop.

Autumn rains in Australia retarded sowing of wheat and resulted in a failure to meet farmers' intentions. In addition, late-planted area is likely to fall considerably short of optimal yields. The 1978 crop is entering the winter in good condition, with good soil moisture reserves, and a crop of 12.5 million tons is expected, still about one-quarter above last season's outturn.

#### **Livestock Outlook**

Total meat production in Western Europe in 1978 is forecast to increase only moderately over the 1977 level—about 2 to 2.5 percent. Increases are expected in all meat categories, however. EC supplies of pork continue abundant and are expected to increase by about 3 percent through the 12-month period ending March 1979, compared with an increase of about 4.5 percent during the same period in 1977/78. The EC's internal market has been characterized by rather weak demand through much of this year, and excess supplies are pushing pig prices to low levels and threatening producer profits. With the exception of Spain, only slight growth is expected in pork production in most other non-EC Western European countries. Beef and veal production could be up about 2 percent in Western Europe as a whole in 1978, with the production increase in the EC limited to around 1 percent.

Canadian feeder cattle prices have been high in the first part of 1978. If this trend continues, cow and heifer slaughter will probably decline in the latter half of 1978. Beef production for the year is expected to be down about 9 percent, and domestic beef prices are expected to remain high. The domestic market situation for beef has been dampening Canadian beef exports to the United States which, at the end of July, amounted to 50 percent of the 76.2-million-pound U.S. import quota for calendar 1978.

Canadian hog slaughter in 1978 is expected to be about 9 percent above 1977 levels. Actual pork output should be somewhat higher due to increases

in average carcass weights. The increases in domestic pork supplies, combined with the lower value of the Canadian dollar, are expected to result in reduced U.S. pork exports to Canada in 1978.

Beef production in Oceania during 1978/79 (July/June) is expected to drop by about 5 to 6 percent from a record production of about 2.65 million tons in 1977/78. The rate of herd reduction is slowing in both Australia and New Zealand and should halt during 1978. This is likely to develop later in New Zealand where serious shortages of winter feed are currently a disincentive to herd rebuilding.

The increased purchasing power of the yen over the past months appears to have had an effect on Japan's feed-livestock economy. Grain and soybean prices have declined in terms of the yen, and the price of commercial feed in Japan has dropped an average of 12 percent between August 1977 and May 1978. Declining feed prices provide a substantial incentive to expand production but their effect has been slightly offset by falling producer prices for most livestock. All major livestock inventories were up as of February 1978.

#### **Policy Developments**

A fundamental tool of the EC's Common Agricultural Policy (CAP) is the export restitution (subsidy) scheme. When world prices are below EC-established prices, export subsidies are used to dispose of products held in intervention in markets outside the E.C.. With substantial exportable supplies of wheat (4.2 million tons) and barley (2.8 million tons) likely for the 1978/79 marketing year (August/July), the EC Commission has already introduced, or increased, subsidies on these grains for selected destinations. Many of these shipments will be to non-EC countries along the Mediterranean. In the EC pig and poultry markets, export subsidies have been raised on selected items to ensure EC price competitiveness. In addition, the EC Commission has approved a system of private storage aids for temporary storage of pork for periods ranging from 4 to 6 months to lessen the downward pressure on producer prices.

In light of excessive rice stocks of 5.3 million tons, Japan is discussing the possibility of a surplus disposal program that might include subsidies to encourage the use of rice in formula feed production. If this becomes the case, rice could displace corn in formula rations and, therefore, have an adverse effect on the volume of U.S. corn exports in fiscal 1979.

#### **U.S. Agricultural Exports**

Largely due to a drop of almost a fourth in the volume of feed grain exports, the value of U.S. agricultural exports to Western Europe in fiscal

1978 was slightly below the fiscal 1977 level of \$8.6 billion. The value of U.S. shipments of soybeans, soybean meal, and wheat to Western Europe showed a substantial increase during fiscal 1978.

Expected large grain crops in 1978 and only moderate increases in overall feed demand in Western Europe will reduce U.S. grain exports to the region in fiscal 1979. However, increases are expected in other commodities such as soybeans, soybean meal, and animal products which could allow some minimal expansion in the value of fiscal 1979 U.S. agricultural exports to Western Europe.

The January 13, 1978, U.S.-Japan trade agreement calls for increases in Japanese import quotas for high quality beef, fresh oranges, and citrus juices during Japanese fiscal 1978 (April 1978/March 1979). It appears that Japan is making substantial progress toward expanding imports of the three commodities. U.S. export volumes of beef and veal, fresh oranges, and citrus juice for the first half of 1978 were up 69 percent, 200 percent, and 58 percent, respectively, over volumes for the same period a year earlier.

The value of U.S. agricultural exports to Japan in fiscal 1978 is expected to reach \$3.97 billion—up 5 percent over the previous fiscal year. In fiscal 1979 the value of U.S. exports to Japan is expected to top \$4 billion. (*John Dunmore*, 202-447-8054)

## USSR

Soviet 1978 agricultural prospects appeared favorable as of mid-September. The value of agricultural output should exceed the 1977 record by a significant amount. Soil moisture supplies during the 1978 growing season generally varied from good to somewhat excessive in the principal agricultural regions. Also, a further expansion in Soviet livestock raising has been aided by good feed supplies from the 1977 crop season as well as good pasture and forage crop development this year.

The 1978 Soviet grain crop now seems likely to equal the 220 million tons planned and could surpass the record of 224 million produced in 1976. Wheat is expected to account for 110 million tons, half of the 1978 grain crop, and coarse grains for 100 million.

Total 1978/79 Soviet grain utilization is forecast at 234 million tons, including 125 million for livestock feed and 30 million for dockage-waste. Thus, Soviet net grain imports in 1978/79 would have to be almost 15 million tons for the grain supply (production plus imports) to equal utilization.

Total grain area this year is expected to be within a million hectares of equaling the 130.4 million in 1977. The overall wheat area is the larg-

est since 1973, with winter wheat at a record 23.1 million hectares. On the other hand, the spring wheat area, at 39.7 million hectares, is the smallest since before the new lands were plowed up in 1954. The large winter wheat area is primarily the result of relatively little winterkill.

Good progress in Soviet grain harvesting was made after a late, slow start in July. Progress during August was better than the 1973-77 average, and the lag of 8 million hectares in grain cutting at the end of July was almost completely eliminated during August. However, the area of grain laying in windrows to be picked up and threshed has been running somewhat larger than the 1973-77 average, suggesting perhaps some reduction in quality. By September 11, the Soviet grain harvest was 72 percent complete, short of the 1973-77 average of 75 percent.

Prospects for the technical crops, potatoes, and vegetables are mixed, appearing to be good for cotton, but apparently only about average or somewhat below for the others. Weeds were a serious problem for row crops this year because of the cool, rainy growing season in European USSR. The areas occupied by these crops changed little from 1977—i.e., up a little over 1 percent for cotton, sunflowers, and vegetables but down less than 1 percent for sugarbeets, fiber flax, and potatoes.

Plentiful moisture has promoted good plant growth of forage crops. The forage harvest is proceeding ahead of schedule with only silage production lagging. In early September, production of haylage, hay, and grassmeal was running 15 to 20 percent ahead of the 1975-77 average for that date, but silage was lagging by 20 percent.

Livestock numbers on state and collective farms as of August 1, 1978, continued to show gains, compared with a year earlier. Cattle, cows, hogs, and poultry were at record levels. Cattle and cow numbers were both up 2 percent. Poultry and hog numbers made the largest gains, up 8 percent and 7 percent, respectively. Sheep and goat numbers were up 1 percent to about the August 1, 1975, level.

Industrial output of meat and dairy products from government-held supplies during January-July 1978 continued to show gains in all products, compared with the same period in 1977, with the exception of butter. Meat output was up 7 percent, and whole milk and products up 3 percent. Butter production, however, was down 2 percent from the high 1977 level.

The 6-month results for industrial meat indicate that total meat output in the USSR this year will exceed the 15.6 million tons planned, reaching a new record.

Fall seeding and plowing have been delayed because of late ripening and harvesting of crops, particularly in the northern half of European



USSR. Officials have frequently expressed concern in the Soviet press about the land not being ready at the optimum time for seeding winter crops. By September 11, fall seeding had been completed on only 44 percent of the planned area. During the past 5 years, the completion of fall seeding as of this date has ranged from a low of about 50 percent in 1976 to a high of almost 60 percent in 1975. Based on area seeded after mid-September during the past 7 years, total winter grain area seeded in 1978 will probably fall about 5 million hectares, or 10 to 15 percent short of the 37 million hectares seeded in 1976 and 1977. (*Fletcher Pope, Jr.*, 202-447-8380)

### Eastern Europe<sup>7</sup>

The outlook for aggregate output of crops and livestock is promising, although worse than planned. Some decline in grain production is expected in Romania and Yugoslavia, compared with the good results last year. In Bulgaria, all crops suffered as the aftermath of several disastrous summer storms.

The grain area to be harvested in the region will equal the 29 million hectares harvested in 1977, and the estimated grain production of 92 to 93 million tons will also be close to last year's level.

The small grain harvest was later than usual everywhere and reduced the potential for second-crop sowing. Frequent rains increased the moisture content of small grains, and a significant volume had to be dried before storage, but the quality is reported to be satisfactory.

Corn is in a healthy state, but in a retarded stage of development, and needs a long frost-free fall before ripening. Corn accounts for more than one-half of the grain crop in the southern countries and will have a decisive influence on the grain trade there.

The principal grain importers in the region, Poland and the German Democratic Republic (GDR), are expected to import 6 million and 3 million tons, respectively. The regional grain import total may reach 12 to 13 million tons in July/June 1978/79 and be close to the July/June 1977/78 imports.

U.S. grain exports to the region during the current crop year are expected to surpass 5 million tons, based on understandings with the GDR and Poland, on the CCC (U.S. Commodity Credit Corporation) grant to Romania of \$110 million, and on the anticipated large CCC credit to Poland.

Rapeseed is the only oilseed harvested so far. Output will be about 1.5 million tons, similar to

that in 1976, due mostly to the recovery from the shortfall in Poland in 1977. Sunflowerseed, the leading oilseed in the region, is likely to bring a record harvest on an expanded area. Domestic oilseed production increases will, however, barely cover the increased need for protein feed, and the level of protein-rich feed imports is expected to be maintained. A good potato crop may reduce feed grain consumption in the GDR and Poland. Although forage from the satisfactory harvest can substitute for concentrates in the feed rations of ruminants, the consumption of feed concentrates will likely be little changed because of larger livestock numbers than in 1977.

The livestock inventory in the region on July 1, 1978, was higher than on July 1, 1977. An important exception is the 4-percent decline of hogs in Hungary. After a slackening interest in livestock breeding, the Polish Government in July increased the producer prices of cattle by about 16 percent, and of hogs by about 8 percent. Livestock prices were increased in Yugoslavia, too. In Yugoslavia, subsequent to the producer price increases, meat prices rose in retail outlets 7 to 16 percent, while in Poland, the prices in regular Government butcher stores remained unchanged, although meat has been in short supply. Some of the better quality cuts in Poland are distributed through a network of government-owned specialty shops for much higher prices. At present, in large towns only, 300 specialty shops are in operation, and an additional 150 shops are planned to be opened during 1978. (*Thomas A. Vankai*, 202-447-8380)

### People's Republic of China

PRC agricultural production should rise in 1978, but increases for a number of crops will be below planned levels. Unless weather deteriorates substantially, grain production this year should exceed the record 1976 crop of 272 million tons. But weather problems experienced to date should hold the increase for the year well below the 15-million-ton increase apparently targeted for the year.

A 10-percent—5-million-ton—increase was reported for the summer grain harvest (winter wheat, barley, oats, pulses, and early corn and sweet potatoes in the south). This provides about 20 percent of China's annual grain production. Winter wheat—about 85 percent of total wheat production—is the largest part of the summer harvest. Official statements suggest that while winter wheat production increased, the increase was not as great as had been planned. With the expected good spring wheat crop, total 1978 wheat production is estimated at 44 million tons, slightly less than the 45-million ton record of 1976.

<sup>7</sup>Northern countries: Czechoslovakia, German Democratic Republic, and Poland. Southern countries: Bulgaria, Hungary, Romania, and Yugoslavia.

The important early rice crop was only marginally better than that of last year. Cloudy, wet weather during the spring in southern China and hot, dry weather in eastern China hampered growth. As a result, increases in production occurred primarily in central China. Although there has been some delay in transplanting late rice in southern China, and pockets of drought remain in central and eastern China, late rice production should exceed last year's level unless weather further deteriorates. Total 1978 rice production is currently forecast at 130 million tons, 3.5 million tons over the 1977 level.

Weather in Northern China has been generally favorable for the growth of the important fall-harvested grains and soybeans. Soybean production, in particular, is expected to be above last year's level.

Of other crops harvested to date, rapeseed has set a record—preliminarily estimated at 1,485,000 tons. Other oilseed crops together with cotton, sugar crops, tobacco, and vegetables are growing well, and increased production is expected. However, the increase in cotton production will be limited by dry conditions in areas of central and eastern China.

PRC foreign trade has expanded sharply during 1978 with China's major stress being placed on expanded imports of industrial goods and technology. But agricultural imports—particularly grains, cotton, and vegetable oil—have been sharply above normal levels during the past year.

Important reasons for the rise in agricultural imports have been sluggish agricultural performance over the past several years and China's improved foreign exchange position resulting from large trade surpluses in 1976 and 1977. Upward demand pressure stemming from wage increases and relaxed consumption constraints also appear to have been important.

The likelihood of below-plan production increases for many crops during 1978 should maintain pressure for higher than normal agricultural imports, particularly of wheat and cotton.

China's grain imports in 1977/78 (July/June), nearly all wheat, reached a record 8.6 million tons. Grain imports during the 1978/79 year are expected to remain substantial; over 6 million tons of wheat have already been contracted for the year.

PRC cotton imports during the 1977/78 (August/July) marketing year rose sharply to an estimated 2 million bales, triple 1976/77 levels. Despite a likely increase in 1978 PRC cotton production and rapidly rising synthetic fiber output, 1978/79 cotton imports are expected to remain at a high level.

Total two-way U.S.-PRC trade in calendar 1978 is likely to exceed the 1974 record of \$934 million.

U.S. agricultural exports, expected to reach nearly \$500 million, have accounted for the greatest part of this increase. This is sharply above the \$66 million shipped in calendar 1977. The bulk of this year's sales to China has been wheat and cotton, although a substantial amount of soybean oil and some tallow have also been shipped. (*Marion R. Larsen, and Frederic M. Surls, 202-447-8380*)

## Asia

Abundant rainfall has improved agricultural production prospects in most Asian countries in recent months. Agricultural output for the Asian region should be up considerably during 1978 if normal weather prevails during the next few months, although floods have caused some damage in South Asia.

Monsoon rainfall since June 1978 has been normal or above normal throughout *India*. It caused flooding in some areas, with considerable damage reported to corn, cotton, and peanut crops. Other areas are likely to have record crop yields this year because of the ample moisture.

Total Indian food grain output during 1978/79 might be in the 130 to 133-million-ton range—up from an estimated 125.5 million tons in 1977/78 and 111.6 million tons during 1976/77. Rice production during 1977/78 was nearly 10 million tons higher than the 42.8 million tons reported in 1976/77, and further gains are anticipated this season. Wheat production during the spring of 1978 turned out to be less than earlier forecast, although the harvest of 31 million tons was nearly 2 million tons above the previous year. Damage from diseases and floods kept coarse grain production at 29.4 million tons in 1977/78, but strong gains in production of sorghum and millet are expected during 1978/79.

India's 1978 peanut production is likely to be in the vicinity of 6 million tons—up from about 5.5 million tons in 1977. Yet, the ban on exports of high-quality peanuts may continue, or if exports are permitted, will probably reach no more than 50,000 tons. Limitations on exports of peanut meal—fixed at 750,000 tons during 1977, and a smaller volume so far in 1978—are likely also to be continued. Rising per capita use of cooking oil will probably keep imports of vegetable oils at above 800,000 tons next year, about the same as in 1979.

*Hong Kong* is a growing market for U.S. cotton, poultry meat, fresh fruits and vegetables, and a long list of processed foods. Flood damage in Pakistan will reduce the competition for U.S. sales of cotton to Hong Kong. U.S. agricultural exports to Hong Kong in 1978 are likely to be about 10 percent above the record \$304 million attained in 1977.



*South Korea's* purchases of U.S. farm products are likely to exceed the \$1-billion mark in 1978. Estimates U.S. exports of cotton (1.25 million bales) and corn (1.6 million tons) to South Korea this year indicate a gain of more than 15 percent in deliveries of these two commodities. No purchase of U.S. rice has been planned this year. South Korea's 1978 rice harvest is expected to be near the 5.8 million tons of last year.

The *Bangladesh* food situation has improved in recent months. Good summer weather should boost the 1978 rice crop to a record 13.7 million tons. Wheat production for the 1978 crop is estimated at 348,000 tons, down only slightly from 1977 output.

Food grain imports by Bangladesh in 1978/79 are likely to remain at a high level. Current indications are that 1978/79 imports of wheat will reach 1.53 million tons, a 10-percent jump over the 1977/78 level. Imports of rice in calendar 1978 are expected to reach 42,000 tons. Large wheat imports in the latter half of 1978 should bring closing stocks of food grains on December 31, 1978, to a comfortable level of 757,000 tons.

In *Thailand*, good weather and larger-than-expected planted acreage should result in a large 1978 corn crop, now estimated at 3 million tons. This level of production is expected to result in corn exports of 2 million tons in 1978/79, up 64 percent from the 1977/78 level.

The good weather has also enhanced prospects for Thailand's main rice crop that is harvested primarily during October-December. Rice production for 1978 should reach an estimated 10.2 million tons, about 3 percent above 1977. Rice exports in 1978/79 are forecast at 1.8 million tons, up 20 percent from the 1977/78 level.

*Malaysian* palm oil production has still not fully recovered from last winter's drought. Palm oil output during 1978 will likely be slightly less than the 1.65 million tons reached in 1977. Production during the first 6 months of 1978 was only 669,000 tons, down 15 percent from the 1977 level. Normal production will probably not be reached until the last quarter of 1978.

*Indonesia's* 1978 rice production estimate has been revised upward to 17.2 million tons because above-normal precipitation and the absence of serious pest infestations have improved prospects for a bumper off-season crop. The expected output would be 9 percent above the previous record harvest in 1976 and represent the first substantial increase in 4 years. The estimate of rice imports during 1978/79 (April/March) has been reduced to 2 million tons, down from the 1977/78 level of 2.34 million tons.

*Philippine* copra production for 1978 is currently forecast at 2.35 million tons, 8 percent above ear-

lier forecasts and 10 percent above last year's harvest. The increasing number of bearing trees more than offset the reduction in output caused by low rainfall during the past 2 years.

*Taiwan* is sending its third 'Buy American' mission to the United States in September to purchase more agricultural commodities and raw industrial materials. About 1.5 to 2 million tons of U.S. corn are being purchased by Taiwan in 1978. Larger purchases of U.S. corn became necessary after unsuccessful negotiations with Thailand resulted in Taiwan purchasing less than the normal 300,000 to 500,000 tons.

*Pakistan's* wheat imports during 1978 are currently expected to reach 2 to 2.5 million tons—double the level earlier forecast. The 1978 wheat crop was only 8 million tons, compared with 9.2 million the previous year. Rust disease and poor fertilizer distribution were principal reasons for the decline.

Pakistan's cotton output during 1978 will probably not exceed the 1977 production of 3.2 million bales, with 60,000 to 80,000 hectares having been damaged by recent flooding. (E. Wayne Denney, 303-447-8107)

## Africa and West Asia

### North Africa

*Morocco* had an excellent wheat harvest in 1978, but the wheat is only very slowly entering commercial channels. This necessitates imports at as high a rate as during the 1977 drought year. Consequently, 1978 wheat imports may exceed 1.3 million tons. In *Tunisia* there is a similar slowness of new-crop wheat to enter commercial channels. The result is that Tunisia's import requirements may range as high as 560,000 tons of wheat and 430,000 tons of coarse grains.

*Algeria's* 1978 grain harvest was larger than in 1977 and that country's import needs for 1978 are estimated at 1.4 to 1.5 million tons of wheat and at least 200,000 tons of coarse grains.

Although its agricultural production is at a high level, *Egypt* will need to increase its agricultural imports in 1978 to a record high level—\$2 billion. Imports of wheat and flour (in wheat grain equivalent) by Egypt continue to be estimated at 4.6 million tons—up from 4.35 million tons in 1977—while corn imports will total about 750,000 tons in 1978.

*Egypt's* agricultural production in 1978 is estimated to be slightly higher than in 1977 despite a decline in cotton. The area planted to cotton in 1978 was down to about 1.25 million acres and production is estimated at 366,000 tons—down 6 percent.

## East Africa

The focus of the major concern of the desert locus problem in *East Africa* is now on the threat of a massive locust invasion into other territories. Agricultural damage so far has been limited largely to *Ethiopia* and *Somalia*. But because of political considerations, military activities, and the remoteness of some infested areas, reporting has been inadequate for a true assessment of the damage. Officials of the two countries have reported only limited damage to food crops, but severe damage to grazing areas. Swarms of locusts have not been reported in the Sudan, Kenya, or Tanzania, but moisture conditions in many areas, particularly in the Sudan, during the current rainy season are favorable for locust breeding.

Because of floods in the Gezira which damaged irrigation facilities and delayed planting, cotton production in the *Sudan* this year will be reduced. Early estimates place the reduction at between 5 and 20 percent.

With coffee and tea prices down sharply from the high level in 1977 and with a drop in quantity marketed, *Kenya's* and *Tanzania's* export earnings in 1978 could be less than half of the exceptionally high level of 1977.

U.S. coffee imports from *Uganda* for the first 10 months of fiscal year 1978 were nearly \$111 million, down 46 percent from the comparable period of fiscal 1977.

## Other African Countries

Africa's worst agricultural and food conditions are in *Cape Verde* because of the continued drought there. About 50,000 people—one-fourth of the active population—are working on rural projects financed through donated commodities. In 1968, the last year of normal rainfall, domestic production supplied half the food needs of the country. Food assistance to *Cape Verde* is running at the rate of 50,000 tons per year. Rains came in early September but their effects are not yet known.

There is also a prolonged drought in *Madagascar*, severely reducing domestic food production. Madagascar's rice imports in 1978 may exceed 200,000 tons, a record for this former rice exporting country.

The *Sahel*, in general is adequately supplied with rainfall this year, except for Senegal and most of Mauritania. The drought zone has shifted several hundred miles south, to the cocoa-producing areas of West Africa. The area of deficient rainfall includes southern sections of Ivory Coast, Ghana, Togo, and Benin. Rainfall in June-August has been as low as 25 percent off the long-term average.

*Zaire* will receive 50,000 tons of wheat, 13,000 tons of rice, 2,000 tons of cotton, and 1,000 tons of tobacco in the coming fiscal year from the United States under a new PL 480 Title I agreement. This is part of a multi-national effort to help *Zaire's* economy recover. *Zaire's* agricultural, industrial, and mining production continue to suffer because of political conditions and inadequacies in the infrastructure.

## West Asia

*Turkey* harvested another bumper crop of wheat in 1978, adding to its exportable surplus. That country had sold more than 1 million tons of wheat in 1978 by September 1, with deliveries scheduled well into 1979. In contrast, *Jordan* had a disastrous wheat crop in 1978, 22 percent below last year's crop. Import requirements for *Jordan* will approximate 300,000 tons of wheat in 1978.

*Israel's* 1978 wheat crop was down by 26 percent and was the smallest harvest since 1970. As a result, *Israel's* wheat imports for 1978/79 are estimated at 529,000 tons, up almost 18 percent from the previous year.

*Iran* has near-average crops in 1978. Agricultural imports by this large market will climb to satisfy rapidly increasing demand. Food grains, feed grains, vegetable oils, and sugar are large import items. Imports of rice over the next year are estimated at 600,000 tons. This is part of the nearly 30-percent share of *Iran's* total grain consumption which must be imported. (*Robert E. Marx*, 202-447-8966)

## Latin America

Agriculture is expected to continue a strong recovery in 1978, with production currently forecast to exceed the 1978 record by more than 4 percent. Significant reductions in harvests of early crops in Brazil, Chile, Paraguay, and Peru will be more than offset by expansion in other areas, including Argentina, Mexico, Central America, the Caribbean, Colombia, and Venezuela.

Current estimates indicate further gains in Latin American output of coffee, sugar, bananas, sorghum, and livestock products in 1978. Wheat production is expected to rise moderately from the low 1977 volume of 11.5 million tons, reflecting increased plantings and improved growing conditions in Argentina, Mexico, and Uruguay. Cotton plantings have been reduced in response to lower world prices, but production could rise somewhat if Colombian yields recover and the Peruvian harvest is larger. Because of drought losses in Brazil, Latin American production of soybeans and corn will fall sharply from record 1977 volumes of 14.2 million and 42 million tons,



respectively. Rice output will continue to decline in 1978.

Latin American exports of fruits, vegetables, meats, and related products have continued to rise during 1978 in response to strong demand. However, total agricultural trade earnings have remained depressed because of lower prices for coffee and cotton, reduced supplies of wheat and soybeans, and general restrictions imposed by provisions of the International Sugar Agreement. Strong demand associated with 1977 production shortfalls in Mexico and other importing countries continued to encourage large purchases of feed grains, vegetable oils, and animal fats; and 1978 imports of wheat and soybeans are all-time highs. U.S. agricultural imports from Latin America for January-July fell from the 1977 record of \$3.76 billion to \$3.67 billion in 1978, but U.S. exports rose from \$1.2 billion to \$1.6 billion.

Argentine producers continued to increase grain and oilseeds plantings for 1978. Excellent growing conditions contributed to a large, 9.5-million-ton corn harvest, and sorghum production reached an all-time high of 6.7 million tons. Rains damaged the peanut crop, but total production of edible oilseeds are estimated in excess of 4 million tons, based upon gains in soybeans and sunflowerseed. Wheat plantings were increased and the late-harvested 1978 crop is forecast at 7.5 million tons, up from 5.3 million in 1977.

Government sources estimate total grain and oilseed shipments for November-July 1977/78 at 15 million tons, compared with 14 million tons a year earlier. Strong gains in corn and sorghum were more than offset by the sharp drop in wheat, but oilseed sales increased from 500,000 to 2.5 million tons, partly reflecting the removal of quotas and some reduction in exports of oils and oilseed meals. Cattle slaughter and meat production has continued to rise, and 1978 beef exports are forecast up sharply from the 1977 level of about 600,000 tons.

In Brazil, early 1978 harvests of soybeans (9.9 million tons), corn (14.3 million tons), rice (7.5 million tons) and cotton (460,000 tons) were cut back sharply by unusually hot, dry weather. Dry

conditions delayed wheat plantings and, despite later rains and cool weather, production is forecast up only slightly from the low 1977 level of 2 million tons. Damage from frosts, which covered areas of the southern coffee zone in August, did not affect the 1978 harvest but is expected to restrict expansion of production in 1979.

Increased supplies and reduction of official prices have encouraged some 1978 recovery in coffee exports, but earnings will be sharply reduced. The Government has also cut back production quotas for sugar in the face of export restrictions under the International Sugar Agreement. Export registrations for 1978 soybeans were ceased in May and contracts filled through August totaled 678,000 tons, compared with 2.6 million tons exported during the marketing year beginning March 1, 1977. Brazil is expected to import up to 1 million tons of corn to meet domestic requirements this year, and wheat purchases will be up sharply to 4 million tons or more.

Mexico's 1978 wheat harvest is estimated at 2.7 million tons, up from the low 1977 volume of 2 million, and production of corn and sorghum are forecast to continue a moderate rising trend. However, low prices reduced cotton plantings, and restricted supplies of irrigation water in the Pacific northwest resulted in a sharp cutback in soybeans. Favorable prices and growing conditions have stimulated increased production of fruits, vegetables, and livestock products for domestic consumption and export. Mexico has continued significant imports of wheat to meet domestic requirements. Feed grain purchases are expected to be near the 1977 level of about 2.2 million tons, but record purchases of soybeans are anticipated this year.

In Other Latin America, the strong agricultural recovery in Colombia, the Caribbean, Central America, Uruguay, and Venezuela will likely more than offset lower production anticipated in Chile, Peru, and Paraguay. These countries have provided an expanded market for wheat, wheat, feed grains, oilseeds, and related products in 1978. (Howard Hall, 202-447-8133)

## WORLD FOOD AND TRADE POLICY DEVELOPMENTS

### Multilateral Trade Negotiations

Negotiators at the Multilateral Trade Negotiations (MTN) missed the July 15 target date for concluding the now 5-year-old Tokyo Round being held in Geneva under the auspices of the General Agreement on Tariffs and Trade (GATT). The uncompleted trade agreement had been expected to

include an improvement in market access for U.S. agricultural products, greater discipline regarding the use of export subsidies, reductions in nontariff barriers, and cuts in tariffs.

However, a 'framework of understanding' was reached among several countries, including the United States, on the essential elements of a new



trade pact. Talks will continue and, if completed by the end of the year, intensive consultations with the U.S. Congress will begin in order to permit the trade package to be formally submitted to the Congress in March.

At the Bonn Economic Summit, held July 16-17, 1978, the heads of state of the United States and six other major industrialized nations reaffirmed their support of the MTN. They charged the participants to resolve the outstanding issues and to successfully conclude the detailed negotiations by December 15, 1978. The Summit declaration noted that the successful conclusion of these negotiations, the biggest yet held, would mean not just a major trade liberalization program extending over the 1980's, but the most important progress yet made in the GATT in relation to nontariff measures.

Progress has been made in several areas of the negotiations. International codes regarding customs valuation of goods, opening government procurement to international competition, and product standards have been drafted. Negotiations on subsidies and safeguards are continuing. The Subgroup on Subsidies/Countervailing Duties (CVD's) has reviewed a text containing provisions on agricultural subsidies, procedures for notification of subsidies, guidelines for internal subsidies, and provisions on dispute management.

Consultations are also underway on safeguards—temporary import restrictions applied when imports are injurious to domestic producers. One unresolved issue is selectivity—i.e., whether safeguards should be applied only against suppliers causing injury or against all suppliers of a given commodity on a Most-Favored-Nation basis. In addition to these general rules of trade, which affect agricultural trade, the United States is continuing to seek reductions in specific agricultural trade barriers.

Agriculture is recognized as a key sector which is critical to the successful completion of the Tokyo Round negotiations. A framework for dairy and meat agreements is essentially complete, although specific elements have not yet been resolved. (*Eileen M. Manfredi*, 202-447-7590)

#### **Negotiations Continue on Grains Agreement**

Negotiations on an agreement to replace the International Wheat Agreement of 1971 continued

over the summer. Since the recess of the first session of the UNCTAD negotiating conference in March 1978, an Interim Committee has met three times to continue work on draft texts. Drafts have been prepared for a Wheat Trade Convention, a Food Aid Convention, and a Coarse Grain Trade Convention.

The proposed Wheat Trade Convention would contribute to world market stability through a system of nationally held reserve stocks and, when necessary, additional measures affecting production, stocks, and utilization. The Convention would establish six action points on a world price indicator scale. When the world price level reaches the first falling or first rising price point, consultations would be held. At the second falling or second rising price point, members would implement their obligations to accumulate and release specified reserve stocks. If world prices move to the third falling or to the third rising price point, members would develop an additional program of joint actions in order to restore stability to the market. Through such cooperative actions, it is hoped that world prices would remain within upper and lower 'notional' prices.

Despite agreement on these general features of a Wheat Trade Convention, there are many unresolved issues. The levels of the price trigger points, the size of reserve stock obligations, the provisions of supply assurances, the special provisions for developing countries, and other issues still must be negotiated.

On the Food Aid Convention, there is general acceptance of the overall goal of 10 million tons of grain on an annual basis. However, to date, only the United States and Canada have announced their pledges under the new Convention. The U.S. has said that it would accept a commitment for a minimum annual contribution of 4.47 million metric tons, which is more than double its current commitment.

The current draft text of the Coarse Grain Trade Convention provides for consultations during periods of instability. It does not include substantive economic provisions.

The Interim Committee will meet again in October to complete its work on the draft texts. The full negotiating conference is now scheduled to reconvene in Geneva in November. (*Patrick M. O'Brien*, 202-447-7590)

Table 1--Industrialized Countries: Changes in GNP, 1963-73, 1977-79

Country	: Annual : : Average : : 1963-73 1/ : 1977 : 1978 : 1979 5/	: Change from : Preceding Year		
			- - - Percent - - -	
Canada	: 5.1	: 2.6	: 4.5	: 4.9
United States	: 3.0	: 4.9	: 4.5	: 4.7
Japan	: 8.6	: 5.1	: 5.7	: 5.9
France	: 5.0	: 2.7	: 3.1	: 4.2
Germany, Fed. Rep.	: 3.6	: 2.5	: 3.1	: 4.0
Italy	: 4.5	: 1.7	: 2.6	: 4.4
United Kingdom 2/	: 2.3	: 0.8	: 2.9	: 2.4
Other countries 3/	: 4.0	: 1.9	: 2.2	: 3.4
All industrial countries	: 4.3	: 3.7	: 4.0	: 4.5
Seven larger countries 4/	: 4.6	: 3.9	: 4.2	: 4.7
European countries	: 4.4	: 2.1	: 2.8	: 3.7

1/ Compound annual rates of change.

2/ Gross domestic product.

3/ Includes Austria, Belgium-Luxembourg, Denmark, the Netherlands, Norway, Sweden, and Switzerland.

4/ As listed separately above

5/ First half.

SOURCE: International Monetary Fund.

Table 3--Industrial Countries: Changes in Prices, 1963-73, 1977-78

Country	: Annual : : Average : : 1963-73 1/ : 1977 : 1978 : 1979 5/	: Change from : Preceding Year		
			- - - Percent - - -	
GNP Deflator				
Canada	: 4.3	: 6.5	: 6.0	: 5.9
United States	: 3.9	: 5.5	: 6.2	: 7.1
Japan	: 5.6	: 6.3	: 3.9	: 4.6
France	: 4.6	: 9.3	: 8.1	: 8.2
Germany, Fed. Rep.	: 4.3	: 3.6	: 3.5	: 3.0
Italy	: 5.3	: 18.3	: 12.5	: 10.7
United Kingdom 2/	: 6.2	: 15.4	: 9.5	: 9.2
Other countries 3/	: 5.5	: 7.2	: 6.3	: 6.1
All industrial countries	: 4.6	: 7.0	: 6.2	: 6.5
Seven larger countries 4/	: 4.5	: 7.0	: 6.1	: 6.5
European countries	: 5.1	: 9.0	: 7.0	: 6.5

1/ Compound annual rates of change.

2/ Gross domestic product.

3/ Includes Austria, Belgium-Luxembourg, Denmark, the Netherlands, Norway, Sweden, and Switzerland.

4/ As listed separately above.

5/ First half.

SOURCE: IMF Survey, May 8, 1978.

Table 2--Ratios of Industrial Operating Capacity Utilization for Major Industrialized Countries

Year	: United : : States :	: France :	: F.R. : : Germany :	: Italy :
1970	: 87.9	: 94.7	: 97.0	: 93.1
1971	: 86.4	: 93.8	: 94.0	: 89.2
1972	: 91.8	: 94.7	: 93.6	: 89.0
1973	: 97.1	: 96.3	: 96.9	: 92.8
1974	: 93.0	: 93.2	: 92.4	: 94.0
1975	: 80.4	: 81.6	: 83.8	: 83.5
1976	: 87.5	: 85.1	: 86.8	: 89.4
1977 1/	: 90.2	: 88.0 -3	: 85.1 -3	: 85.4 -3
Year	: Nether- : : lands :	: United : : Kingdom :	: Japan :	: Canada :
1970	: 96.6	: 95.6	: 98.1	: 92.7
1971	: 95.3	: 93.6	: 92.4	: 93.2
1972	: 93.6	: 92.8	: 91.3	: 94.2
1973	: 94.6	: 97.8	: 98.0	: 97.5
1974	: 93.0	: 93.4	: 89.1	: 96.4
1975	: 83.9	: 88.9	: 74.9	: 89.5
1976	: 85.1	: 87.9	: 80.0	: 89.2
1977 1/	: 80.4 -3	: 87.0 -3	: 77.7 -3	: 87.3 -3

1/ Numbers after each country number refer to last quarter for which data is available.

SOURCE: U.S. Department of Commerce, International Economic Indicators, June 1978.

Table 4--U.S. Exchange Rates Weighted by 1977 Trade Shares of 67 Country Trading Partners (April 1971 = 100; end of year index unless otherwise specified.)

Year	: U.S. Dollar Cost : : of Foreign Curren- : :cies With Which to : :Buy U.S. Imports :	: Foreign Currency : :Cost of U.S. Dollars : :With Which to Buy : : U.S. Exports :
1974	: 108.5	: 94.3
1975	: 104.7	: 99.1
1976	: 102.9	: 106.8
1977	: 105.3	: 112.9
1978-Mar.	: 106.4	: 112.8
1978-June	: 107.6	: 114.4

SOURCE: U.S. Department of Commerce

TABLE 5.-- U.S.: PRICE CHANGES AT THE FARM, FOREIGN TRADE, AND CONSUMER LEVELS, II QUARTER 1977 TO II QUARTER 1978

	WHEAT	CORN	SOYBEANS	RICE	COFFEE	SUGAR	COCOA	BEEF	TOTAL
	:	:	:	:	:	:	:	:	INDEX
PRICE RECEIVED BY FARMERS	+27.7	+1.8	-25.3	+42.2	--	--	--	+41.7	+12.7
EXPORT UNIT VALUE	+6.9	+1.6	-22.5	+29.4	--	--	--	--	-9.7
IMPORT UNIT VALUE	--	--	--	--	-29.4	+5.0	+6.1	+26.7	-11.1
CONSUMER PRICE	+7.6	--	+6.9	+19.4	-5.4	+11.1	+17.5	+20.4	+15.2

- 1/ BREAD AND BAKERY PRODUCTS  
2/ FATS AND OILS  
3/ LONG GRAIN RICE  
4/ ROASTED COFFEE  
5/ CHOCOLATE BARS

TABLE 6 --PRICES RECEIVED BY FARMERS FOR SELECTED COMMODITIES, CHANGES IN 1977 AND 1978 FROM THE SAME QUARTER A YEAR EARLIER

	QUARTER	BEEF	PORK	BROILERS	EGGS	MILK	WHEAT	CORN	RICE	BARLEY	SOYBEANS	POTATOES	INDEX OF PRICES RECEIVED BY FARMERS
UNITED STATES	I 1978	+21.9	+21.2	+3.0	-16.0	+6.9	+6.1	-12.4	+60.3	+15.8	-20.0	-8.8	+3.6
UNITED STATES	II 1978	+41.7	+18.3	+16.8	-4.0	+6.9	+27.7	+1.8	+42.2	+2.5	-25.3	-11.5	+12.7
JAPAN	II 1978	-2.5	-6.8	-18.0	-14.7	+1.6	--	--	+3.4	--	--	+39.0	-6.6
WEST GERMANY	IV 1977	+2.5	+9.2	+3.8	-6.0	+2.1	-4.4	-2.8	--	-7.1	--	-48.4	+3.9
FRANCE	IV 1977	+7.6	+16.8	+11.5	+10.8	+7.0	+4.9	+3.9	--	-6.3	--	-85.3	+1.1
ITALY	IV 1977	+4.8	+1.3	+24.9	+12.7	+15.5	+9.7	+3	--	+13.4	--	-58.5	+8.8
NETHERLANDS	IV 1977	+5.2	+9.1	+1.0	-1.5	+9.0	-2.1	--	--	-7.8	--	-80.2	+1.0
BELGIUM	IV 1977	+4	+15.4	+2.6	+5.6	+4.4	+1.1	--	--	-7.7	--	-87.9	-3.4
UNITED KINGDOM	IV 1977	-7.6	+6.0	+43.2	-21.5	-9.6	+1.5	--	--	-15.4	--	-78.6	-7.2
IRELAND	IV 1977	+8.3	+20.2	+20.2	+9.8	+23.6	+19.3	--	--	+26.9	--	-76.9	+11.6
DENMARK	IV 1977	+15.2	+6.0	+5.1	+12.7	+13.9	+12.7	--	--	-4.4	--	-45.7	+8.9
EC-9	IV 1977	+5.0	+9.5	+17.8	+4.3	+7.4	+5.0	+2.6	--	-8.0	--	-76.1	+7



TABLE 7 --PRICES PAID BY FARMERS FOR SELECTED INPUTS, CHANGES IN 1977 AND 1978 FROM THE SAME QUARTER A YEAR EARLIER

COUNTRY	QUARTER	ALL FEED	COMPOUND FEED FOR	BROILERS	CHICKENS	DAIRY	CATTLE	HOGS	PERCENT CHANGE	FERTILIZER	AMMONIUM SUPHOS	FEEDER LIVESTOCK	GASOLINE	ALL MATERIALS
UNITED STATES	II 1978	-6.9	-7.6	-5.5	-8.4	-6.1	-11.4	-0.6	+6.9	-2.9	+47.0	+3.5	+9.0	
UNITED STATES	I 1978	-10.4	-7.3	-7.5	-12.0	-7.8	+1.1	+1.1	---	---	+21.9	+4.3	+3.5	
CANADA	I 1978	-2.1	---	---	---	---	---	+3.5	---	---	+26.8	+9.8	+6.5	
JAPAN	II 1978	-11.4	-11.0	-11.6	-11.8	-11.8	-12.0	+3.3	+2.0	-0.4	+4	---	-1.7	
WEST GERMANY	I 1978	-9.3	-6.1	-3.5	-10.6	-7.5	---	-0.9	---	-0.4	+4.2	-8.9	-1.0	
UNITED KINGDOM	II 1978	-7.6	-6.1	-6.8	+34.9	-8.3	+11.6	+15.7	---	-7.9	---	-5.3	---	
FRANCE	I 1978	---	+7.0	---	---	---	+4.5	---	+7.8	-0.4	---	+1.3	---	
ITALY	IV 1977	---	+12.2	+7.5	+1.7	+5.5	+7.5	---	-2.5	+4.2	---	+1.2	---	
NETHERLANDS	I 1978	---	-1.6	-1.7	-12.6	-9.0	+11.7	---	-4.8	+3.6	---	-2.3	---	
BELGIUM	I 1978	---	-1.6	-3.9	-9.8	-5.3	+10.5	---	+4.1	-9.6	---	-3.6	---	
IRELAND	I 1978	---	+7.1	---	---	+3.7	-0.8	---	---	---	---	-2.9	---	
DENMARK	I 1978	---	---	---	---	-10.5	+16.3	---	---	+1.4	---	-15.2	---	

TABLE 8 .--EXPORT AND IMPORT UNIT VALUES OF SELECTED COMMODITIES: CHANGES FROM THE SAME QUARTER A YEAR EARLIER

	UNITED STATES			JAPAN		WEST GERMANY		CANADA
	1978			1978		1978		1978
QUARTER	2ND QTR.	1ST QTR.	1ST QTR.	1ST QTR.	1ST QTR.	1ST QTR.	1ST QTR.	2ND QTR.
WHEAT	+6.9 (X)	-7.3 (X)	-19.4 (I)	-3.7 (I)	-6.7 (X)			
CORN	+1.6 (X)	-8.0 (X)	-28.9 (I)	-16.0 (I)	---			
SOYBEANS	-22.5 (X)	-15.5 (X)	-30.0 (I)	-29.4 (I)	-54.6 (I)			
SOYBEAN OIL	+6.6 (X)	+5.7 (X)	---	---	-3.3 (I)			
SOYBEAN MEAL	-18.9 (X)	-6.4 (X)	---	-31.1 (I)	-19.1 (I)			
COTTON	-20.5 (X)	-17.3 (X)	-29.7 (I)	-29.3 (I)	-7.1 (I)			
TOBACCO	+10.5 (X)	+17.3 (X)	---	-3.1 (I)	-14.9 (X)			
RICE	+29.4 (X)	+25.3 (X)	---	+30.6 (I)	+32.2 (I)			
COFFEE	-29.5 (I)	+4.0 (I)	+2.8 (I)	-24.1 (I)	-27.9 (I)			
SUGAR	+5.0 (I)	+10.2 (I)	-27.6 (I)	-10.8 (I)	-13.1 (I)			
COCOA BEANS	+6.1 (I)	+62.5 (I)	+7.9 (I)	-33.2 (I)	+23.5 (I)			
BEEF	+26.7 (I)	+2.0 (I)	+10.6 (I)	+8.1 (I)	+49.9 (X)			
NATURAL RUBBER	+6.4 (I)	+9.0 (I)	-8.4 (I)	-7.6 (I)	+16.9 (I)			
EXPORT UNIT VALUE INDEX	-9.7	-9.0	-14.6	0	0			
IMPORT UNIT VALUE INDEX	-11.1	+10.9	-17.0	-10.5	+8.8			

I = IMPORT, UNIT VALUE

X = EXPORT, UNIT VALUE

TABLE 9 .---THE FDDO COMPONENT OF THE CONSUMER PRICE INDEX IN SELECTED COUNTRIES

	1972	1973	1974	1975	1976	1977	1976	1977					1978
							IV	I	II	III	IV	I	
	-----1970=100-----												
ARGENTINA	231	359	413	1167	6632	18610	9802	13150	15689	19819	26011	31293	
AUSTRALIA	108	124	143	154	173	193	181	164	190	197	201	0	
AUSTRIA	110	118	128	136	144	154	146	151	153	156	155	156	
BANGLADESH	148	217	366	443	357	381	359	400	438	484	0	0	
BELGIUM	109	117	128	143	160	169	164	168	167	170	172	174	
BRAZIL	100	120	154	199	267	392	328	365	383	411	431	0	
CAMEROON	114	123	146	171	186	0	193	203	216	0	0	0	
CANADA	109	125	145	164	168	182	168	173	179	186	191	197	
COLOMBIA	128	169	215	281	329	448	364	386	473	476	476	474	
CZECHOSLOVAKIA	99	100	100	100	100	102	102	101	101	103	104	0	
DENMARK	116	131	147	163	181	202	191	193	198	204	213	216	
ECUADOR	118	142	188	223	245	280	268	271	272	288	311	0	
EGYPT	106	140	135	152	174	198	183	185	197	207	207	207	
ETHIOPIA	88	99	108	113	160	186	176	169	177	203	197	205	
FRANCE	115	126	141	158	175	197	180	185	193	199	203	205	
GERMANY, WEST	110	118	124	130	137	144	137	142	145	145	143	145	
GREECE	109	133	169	189	215	246	221	236	246	242	259	276	
INDIA	108	131	171	179	156	172	162	164	169	176	177	172	
INDONESIA	113	162	229	277	338	372	352	359	367	379	387	395	
IRAN	116	124	144	161	172	205	176	155	211	210	229	0	
IRELAND	120	140	160	195	227	264	243	251	263	271	271	275	
ISRAEL	123	149	215	314	402	570	458	491	530	580	679	743	
ITALY	111	124	146	172	202	241	217	228	236	245	252	256	
JAPAN	110	124	159	180	196	209	200	206	209	210	211	213	
JORDAN	116	140	189	219	267	384	269	353	407	395	381	0	
KOREA	135	138	176	233	274	306	282	291	298	318	316	335	
LIBERIA	91	118	149	172	172	188	172	183	187	193	191	0	
MALAWI	116	124	144	172	176	179	174	172	173	173	189	0	
MALAYSIA	105	121	154	159	162	171	164	169	168	172	175	176	
MEXICO	109	126	164	184	208	267	228	250	263	273	283	0	
MOZAMBIQUE	130	127	155	174	188	0	185	195	231	0	0	0	
NETHERLANDS	111	120	129	139	153	163	158	159	163	165	165	161	
NEW ZEALAND	114	127	142	157	186	218	196	205	212	223	229	230	
NIGER	123	144	148	160	201	255	229	239	242	273	267	272	
NIGERIA	126	120	150	214	268	358	275	304	350	397	384	414	
PAKISTAN	105	131	171	209	222	247	235	246	244	248	249	287	
PARAGUAY	121	147	183	192	200	222	202	220	223	220	226	235	
PERU	115	126	150	199	263	369	301	329	351	392	406	463	
PHILIPPINES	157	182	244	247	281	309	291	296	304	318	324	0	
PORTUGAL	120	131	173	214	264	345	294	323	360	347	352	368	
SOUTH AFRICA	112	129	149	171	184	203	190	196	199	206	211	0	
SPAIN	118	132	152	177	211	261	224	235	245	277	284	0	
SRI LANKA	108	122	139	150	148	149	147	148	150	149	148	0	
SWEDEN	119	126	134	150	169	193	173	181	190	200	202	211	
THAILAND	101	122	157	164	173	193	178	183	190	198	200	0	
TURKEY	127	152	181	235	277	294	296	309	337	366	413	0	
UNITED KINGDOM	121	139	164	206	247	294	267	286	296	297	299	305	
UNITED STATES	108	123	141	153	157	167	158	162	167	170	170	171	
URUGUAY	241	489	844	1442	2128	3491	2507	2857	3287	3749	4069	4130	
VENEZUELA	109	117	132	151	164	185	171	174	182	189	192	195	
YUGOSLAVIA	139	169	196	244	278	335	293	329	339	327	344	370	
ZAIRE	133	155	200	261	0	0	0	0	0	0	0	0	
ZAMBIA	112	119	103	145	177	0	192	198	206	212	0	0	

1/ 1972=100.

SOURCE: INTERNATIONAL LABOR OFFICE, BULLETIN OF LABOR STATISTICS.



TABLE 10 --CONSUMER PRICES FOR FOOD, CHANGES IN 1977 FROM THE SAME QUARTER A YEAR EARLIER

COUNTRY	QUARTER	PERCENT CHANGE
ARGENTINA	I	138.0
AUSTRALIA	IV	0.0
AUSTRIA	I	3.3
BANGLADESH	III	-
BELGIUM	I	3.6
BRAZIL	IV	0.0
CAMEROON	I	-
CANADA	I	13.9
COLOMBIA	I	22.6
CZECHOSLOVAKIA	IV	0.0
DENMARK	I	11.9
ECUADOR	IV	0.0
EGYPT	I	11.9
ETHIOPIA	I	21.3
FRANCE	I	10.8
GERMANY, WEST	I	2.1
GREECE	I	16.9
INDIA	I	4.9
INDONESIA	I	10.0
IRAN	IV	0.0
IRELAND	I	9.6
ISRAEL	I	51.3
ITALY	I	12.3
JAPAN	I	3.4
JORDAN	IV	0.0
KOREA	I	15.1
LIBERIA	IV	0.0
MALAWI	IV	0.0
MALAYSIA	I	4.1
MEXICO	IV	0.0
MOZAMBIQUE	I	-
NETHERLANDS	I	1.3
NEW ZEALAND	I	12.2
NIGER	I	13.8
NIGERIA	I	36.2
PAKISTAN	I	16.7
PARAGUAY	I	6.8
PERU	I	40.7
PHILIPPINES	IV	0.0
PORTUGAL	I	13.9
SOUTH AFRICA	IV	0.0
SPAIN	IV	0.0
SRI LANKA	IV	0.0
SWEDEN	I	16.6
THAILAND	IV	0.0
TURKEY	IV	0.0
UNITED KINGDOM	I	6.6
UNITED STATES	I	5.6
URUGUAY	I	44.6
VENEZUELA	I	12.1
YUGOSLAVIA	I	12.5
ZAIRE	I	-
ZAMBIA	I	-

Table 11--World Fertilizer Supply Capability 1/, Consumption and Balance 1976/77 to 1982/83  
(Million Metric Tons Nutrient)

	Reported <u>2/</u> 1976/77	FORECAST					
		1977/78	1978/79	1979/80	1980/81	1981/82	1982/83
NITROGEN - N							
Supply	45.88	48.59	52.69	56.47	60.74	65.01	67.70
Consumption	45.09	47.93	51.13	54.19	57.38	60.66	64.11
Balance	.79	.66	1.56	2.28	3.36	4.35	3.59
PHOSPHATE - P <sub>2</sub> O <sub>5</sub>							
Supply	27.29	31.52	33.07	34.24	36.32	38.06	39.38
Consumption	26.49	27.61	29.49	31.48	33.29	35.40	37.49
Balance	.80	3.91	3.58	2.76	3.03	2.66	1.89
POTASH - K <sub>2</sub> O							
Supply	25.26	25.99	27.18	28.25	29.29	30.20	31.15
Consumption	23.06	23.98	25.42	26.65	27.99	29.28	30.75
Balance	2.20	2.01	1.76	1.60	1.30	.92	.40

Source: FAO Monthly Bulletin of Statistics, April, 1978 for 1976/77. Forecasts for 1977/78 - 1982/83 are preliminary estimates made by FAO/UNIDO/World Bank Fertilizer Working Group, June, 1978.

1/ Supply capability figures are derived by adjusting rated plant capacities to reflect effective operating rates, non-fertilizer uses, and processing, transportation and distribution losses.

2/ Actual production and consumption reported to FAO.

Table 12--World Total Grain Production, Consumption, and Net Exports 3/

	1960/61 - 62-63				1969/70 - 71/72				1976/77				1977/78 2/				1978/79 3/			
	Production	Consumption	Net Exports		Production	Consumption	Net Exports		Production	Consumption	Net Exports		Production	Consumption	Net Exports		Production	Consumption	Net Exports	
	Million metric tons																			
Developed Countries	317.6	301.9	18.9		404.0	377.6	29.9		467.2	516.9	-21.6		478.3	524.0	-34.3		490.2	539.2	-33.2	
United States	168.3	139.8	32.5		208.7	168.9	38.8		256.0	104.1	-11.6		260.7	104.1	-10.5		262.3	104.6	-11.3	
Canada	23.7	15.1	9.6		34.4	22.1	14.4		44.7	21.9	16.7		42.2	21.6	19.2		40.4	22.1	18.8	
EC-9	71.5	92.0	-21.5		94.2	111.6	-16.1		91.3	113.5	-22.2		104.0	115.5	-11.9		109.2	117.1	-8.2	
Other Western Europe	20.7	24.9	-4.3		28.9	33.7	-4.9		33.4	42.0	-8.2		32.0	42.3	-9.7		35.9	43.6	-8.9	
South Africa	7.0	4.7	1.7		10.1	7.1	1.4		12.5	8.8	1.4		12.3	9.0	3.0		11.5	9.0	3.7	
Japan	15.6	21.0	-5.5		12.7	27.9	-14.4		11.2	32.0	-21.4		12.4	31.0	-22.6		11.4	36.0	-23.3	
Oceania	10.8	4.4	6.2		15.0	6.3	10.7		18.1	6.0	12.2		14.7	5.9	13.5		19.5	5.7	11.0	
Centrally Planned Countries	292.2	295.7	-3.4		408.6	424.1	-6.5		506.1	516.9	-21.6		474.8	524.0	-34.3		506.9	539.2	-33.2	
Eastern Europe	57.6	64.3	-6.7		75.0	83.0	-7.4		94.2	104.1	-11.6		93.7	104.1	-10.5		95.2	104.6	-11.3	
USSR	126.3	119.0	7.3		167.4	171.8	4.0		213.2	209.8	-7.6		186.2	217.7	-16.5		211.5	224.5	-14.2	
People's Republic of China	108.3	112.4	-4.0		166.2	169.3	-3.1		198.7	201.0	-2.4		194.9	202.2	-7.3		202.4	210.1	-9.7	
Developing Countries	240.5	252.2	-13.0		315.1	334.8	-20.4		379.4	394.1	-26.0		369.4	411.1	-39.3		388.9	423.4	-37.6	
Middle America	9.7	10.4	-0.8		15.8	17.0	-1.0		20.1	23.7	-2.4		18.1	24.4	-5.0		20.6	25.4	-5.1	
Venezuela	5.5	9.9	-4.4		8.8	1.8	-9.9		8.8	2.7	-1.8		1.5	3.2	-1.7		1.6	3.4	-1.7	
Brazil	13.8	15.7	-2.3		20.4	22.0	-1.8		27.8	28.6	-1.2		21.9	28.1	-1.9		27.4	29.6	-5.1	
Argentina	13.2	8.3	5.1		19.4	11.2	8.2		28.1	11.3	16.6		23.1	11.2	13.3		23.1	11.4	12.6	
Other South America	5.6	6.7	-1.0		6.8	8.9	-2.1		8.2	10.7	-2.7		7.5	11.1	-3.3		8.1	11.3	-3.2	
North Africa/Middle East	31.7	37.0	-5.6		40.4	49.5	-9.2		54.8	66.2	-16.2		48.6	67.8	-19.5		53.9	70.6	-17.4	
Central Africa	19.0	19.8	-0.8		22.6	24.3	-1.8		23.4	26.3	-3.3		22.8	26.6	-3.8		23.4	27.0	-3.4	
East Africa	7.4	7.3	0.1		9.6	9.8	-0.3		10.4	10.3	-0.1		10.5	10.9	-0.3		10.7	11.2	-0.5	
South Asia	92.1	97.4	-6.1		119.1	123.4	-5.1		134.2	134.6	-0.4		146.0	145.0	-2.9		147.2	148.2	-1.9	
Southeast Asia	17.3	13.4	4.0		22.9	19.8	3.3		21.7	16.7	5.5		19.9	16.8	2.9		21.2	17.2	4.0	
East Asia	23.7	27.8	-4.3		30.4	37.9	-8.4		36.3	46.9	-12.7		36.4	50.0	-14.2		38.5	52.3	-13.3	
Rest of World	6.5	7.5	-0.9		6.9	9.2	-2.3		13.6	16.1	-2.4		13.1	16.0	-2.9		13.2	15.8	-2.6	
Total above	850.3	849.8	0.5		1,127.7	1,136.5	-0.8		1,352.7	1,286.6	66.1		1,322.5	1,324.1	-1.6		1,386.0	1,362.2	23.8	
World Total 1/	850.9	850.5	0.4		1,127.8	1,135.7	-0.9		1,352.2	1,300.2	52.0		1,321.8	1,327.4	-5.6		1,376.3	1,367.0	9.3	

1/ World totals taken from the September issue of the Foreign Agricultural Circular on Grains.

2/ Preliminary.

3/ Net export figures are on a July-June basis, totals are wheat, coarse grain and milled rice.



Table 13--World Wheat Production, Consumption, and Net Exports 4/

	1960/61 - 62/63				1969/70 - 71/72				1976/77				1977/78 2/				1978/79 3/			
	Production	Consumption	Net Exports	Net Exports	Production	Consumption	Net Exports	Net Exports	Production	Consumption	Net Exports	Net Exports	Production	Consumption	Net Exports	Net Exports	Production	Consumption	Net Exports	Net Exports
Million metric tons																				
Developed Countries	94.2	74.3	20.7	18.1	112.0	87.8	28.8	17.7	147.0	85.4	42.9	25.6	134.4	87.8	51.7	138.2	86.6	49.6	29.6	15.0
United States	33.4	16.3	17.1	15.4	40.0	21.9	18.1	17.1	58.3	20.7	25.6	12.9	55.1	23.2	31.0	48.7	20.5	29.6	15.0	15.0
Canada	12.4	4.0	8.4	7.4	13.9	4.7	9.2	8.2	23.6	5.0	12.9	7.9	19.8	4.8	15.9	20.3	4.8	15.0	15.0	15.0
EC-9	29.8	36.0	-7.2	-6.2	36.9	40.9	-4.0	-3.0	39.1	38.6	0.5	0.5	38.5	39.1	-0.6	0.4	40.3	2.9	2.9	2.9
Other Western Europe	8.5	10.5	-2.0	-1.5	9.9	10.7	-0.8	-0.8	11.6	10.5	1.1	1.1	9.3	10.2	-0.9	10.9	10.4	-4.4	-4.4	-4.4
South Africa	0.8	0.9	-0.1	-0.1	1.5	1.3	-0.2	-0.2	2.2	1.7	0.5	0.5	1.8	1.7	0.1	1.5	1.7	1.1	1.1	1.1
Japan	1.6	4.2	-2.6	-1.0	6.6	5.3	-1.3	-1.3	4.7	5.7	-1.0	-1.0	5.2	5.8	-0.6	4.4	5.9	-5.6	-5.6	-5.6
Oceania	7.7	2.4	5.3	2.9	9.3	3.0	6.3	6.3	12.0	3.2	8.8	5.6	9.7	3.0	11.2	12.9	3.0	8.0	8.0	8.0
Centrally Planned Countries	103.1	107.7	-4.6	-4.3	148.8	160.4	-3.7	-3.7	176.5	178.9	-11.0	-11.0	166.9	193.5	-17.6	187.7	201.2	-15.3	-15.3	-15.3
Eastern Europe	16.9	22.3	-5.4	-5.4	26.3	30.8	-4.5	-4.5	34.6	38.3	-4.3	-4.3	34.2	37.4	-3.2	33.7	37.2	-3.3	-3.3	-3.3
USSR	67.2	62.5	4.7	4.7	92.8	96.0	-3.2	-3.2	96.9	92.5	-4.4	-4.4	92.2	107.0	-5.8	110.0	112.0	-4.0	-4.0	-4.0
People's Republic of China	19.0	22.8	-3.8	-3.8	29.7	33.6	-3.9	-3.9	45.0	48.1	-3.1	-3.1	40.5	48.1	-8.6	44.0	52.0	-8.0	-8.0	-8.0
Developing Countries	43.1	57.9	-15.3	-15.3	63.9	86.9	-23.8	-23.8	91.5	110.8	-27.5	-27.5	80.0	116.2	-33.7	86.5	118.0	-32.1	-32.1	-32.1
Middle America	1.4	1.9	-0.5	-0.5	2.1	2.9	-0.8	-0.8	3.4	4.1	-0.7	-0.7	2.0	4.3	-2.3	2.7	4.4	-1.8	-1.8	-1.8
Venezuela	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	5.1	3.5	1.6	1.6	3.6	3.6	0.0	0.0	3.0	5.7	-2.7	-2.7	2.0	6.0	-4.0	2.2	6.5	-4.1	-4.1	-4.1
Other South America	1.9	3.0	-1.1	-1.1	1.9	3.8	-1.9	-1.9	11.0	4.5	6.5	6.5	5.3	4.4	0.9	6.9	4.5	2.3	2.3	2.3
North Africa/Middle East	15.7	20.4	-4.7	-4.7	20.5	28.3	-7.8	-7.8	29.6	38.2	-8.6	-8.6	26.5	39.5	-13.0	28.8	40.6	-12.0	-12.0	-12.0
Central Africa	0.7	1.1	-0.4	-0.4	0.9	2.0	-1.1	-1.1	2.5	2.2	-0.7	-0.7	2.6	2.6	-0.0	2.5	2.6	-0.1	-0.1	-0.1
East Africa	0.1	0.3	-0.2	-0.2	0.3	0.6	-0.3	-0.3	0.3	0.7	-0.4	-0.4	0.3	0.7	-0.4	0.3	0.8	-0.5	-0.5	-0.5
South Asia	17.5	22.1	-4.6	-4.6	30.1	33.7	-3.6	-3.6	41.1	43.1	-2.0	-2.0	41.5	45.4	-3.9	42.9	45.3	-2.7	-2.7	-2.7
Southeast Asia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
East Asia	0.2	2.0	-1.8	-1.8	2.2	4.2	-2.0	-2.0	1.1	4.8	-3.7	-3.7	1.1	4.9	-3.8	1.1	5.2	-4.1	-4.1	-4.1
Rest of World	0.2	0.8	-0.6	-0.6	0.3	2.2	-1.9	-1.9	0.4	2.3	-1.9	-1.9	0.4	2.8	-2.4	0.4	2.4	-2.0	-2.0	-2.0
Total above	240.4	239.9	0.5	0.5	324.7	335.1	-0.4	-0.4	415.0	375.1	-40.1	-40.1	381.3	397.5	-16.2	412.4	405.8	-5.4	-5.4	-5.4
World Total 1/	240.3	239.9	0.4	0.4	324.6	335.7	-0.1	-0.1	415.1	380.0	-35.1	-35.1	381.4	397.5	-16.1	412.4	411.7	-5.3	-5.3	-5.3

1/ World totals taken from the September issue of the Foreign Agricultural Circular on grains.

2/ Preliminary

3/ Forecast

4/ Net export figures are on a July-June basis.

Table 14--World Coarse Grain Production, Consumption and Net Exports <sup>1/</sup>

	1960/61 = 62/63			1969/70 = 71/72			1976/77			1977/78 <sup>2/</sup>			1978/79 <sup>3/</sup>		
	Produce- tion	Consump- tion	Net Exports	Produce- tion	Consump- tion	Net Exports	Produce- tion	Consump- tion	Net Exports	Produce- tion	Consump- tion	Net Exports	Produce- tion	Consump- tion	Net Exports
	Million Metric Tons														
Developed Countries	208.8	213.4	-2.4	276.5	275.6	-1.0	304.3	278.4	11.8	327.4	287.9	22.8	335.4	299.6	25.1
United States	133.0	124.5	13.3	165.8	145.7	19.4	193.9	131.2	50.3	202.3	137.2	51.5	208.2	145.6	51.7
Canada	11.4	11.1	.2	20.5	17.4	3.0	21.1	16.8	3.9	22.4	16.7	3.3	19.8	17.2	3.8
EC-9	41.1	55.2	-14.2	56.7	69.9	-12.8	51.6	73.9	-22.8	65.0	75.4	10.7	65.0	75.8	-10.8
Other Western Europe	11.9	14.0	-2.2	18.6	22.5	-4.1	21.5	31.0	-8.3	22.4	31.5	-9.3	24.6	32.7	-8.5
South Africa	6.2	3.7	1.9	8.7	5.7	1.6	10.2	7.0	1.4	10.5	7.3	2.9	10.0	7.3	3.7
Japan	2.3	4.8	-2.4	5.7	11.1	-10.3	5.2	15.7	-15.9	4.2	16.9	-17.0	6.3	17.6	-17.7
Oceania	2.9	2.0	.9	5.4	3.2	2.1	5.6	2.7	3.3	4.6	2.9	2.0	6.2	4.6	2.7
Centrally Planned Countries	137.1	136.1	.7	185.1	189.3	-3.3	242.8	249.4	-10.7	220.3	243.8	-17.6	229.3	248.7	-18.4
Eastern Europe	40.6	41.7	-1.0	48.6	51.8	-2.6	59.5	65.4	-7.1	59.4	66.3	-7.0	59.3	67.0	-7.7
USSR	59.0	56.2	2.5	73.8	74.7	-0.6	115.0	115.7	-0.7	92.6	109.1	-10.5	100.0	111.0	-10.0
People's Republic of China	37.5	38.2	-0.7	62.6	62.7	-0.1	68.4	68.3	.1	68.4	68.4	---	70.0	70.7	-0.7
Developing Countries	101.8	98.6	2.4	131.8	127.0	5.4	155.0	151.0	3.1	146.7	150.6	-1.6	154.4	157.2	-3.7
Middle America	7.8	8.0	-0.2	13.0	13.2	-0.1	15.9	18.6	-1.4	15.1	19.1	-3.1	16.9	19.9	-3.2
Venezuela	.5	.5	---	.7	.9	---	.7	1.8	---	1.1	2.0	---	1.4	2.3	---
Brazil	9.8	9.6	.2	14.6	14.4	.2	19.4	17.6	1.3	14.8	16.5	1.0	19.4	17.4	2.0
Argentina	7.9	4.7	3.1	13.3	6.7	6.6	16.9	6.8	10.8	17.6	6.7	10.7	16.0	6.8	10.2
Other South America	2.8	2.9	-0.1	3.5	3.9	-0.4	4.0	4.7	-0.7	4.1	4.7	-0.6	4.4	4.7	-0.4
North Africa/Middle East	14.3	14.8	-0.5	17.1	18.5	-1.2	22.4	24.2	-3.1	19.4	24.3	-6.1	22.6	26.1	-4.0
Central Africa	16.3	16.3	---	19.0	19.1	-0.1	19.8	20.1	-0.3	19.3	19.8	-0.5	19.7	20.0	-0.4
East Africa	7.1	6.9	.2	9.1	9.0	.1	9.8	9.2	.6	9.9	9.7	.2	10.0	9.9	.1
South Asia	27.3	27.0	.3	30.9	31.0	-0.1	33.1	32.0	.9	33.0	31.7	1.3	31.8	32.5	-.7
Southeast Asia	.9	.2	.7	2.3	2.3	---	3.3	1.0	2.3	2.5	1.2	1.3	3.5	1.3	2.1
East Asia	5.2	5.6	-0.4	6.4	7.7	-1.6	7.4	12.3	-5.0	6.9	13.0	-6.0	7.3	14.1	-6.8
Rest of World	2.1	2.2	-.1	1.8	2.0	-.2	2.7	2.8	-.1	2.5	2.8	-.3	2.5	2.9	-.4
Total Above	447.7	448.1	---	593.3	591.9	---	702.3	678.8	---	694.0	683.1	---	720.3	706.2	---
World Total <sup>1/</sup>	447.7	448.1	---	593.2	594.1	---	702.1	681.7	---	693.9	687.1	---	719.6	706.2	---

1/ World Totals taken from the September issue of the Foreign Agricultural Circular on Grains.

2/ Preliminary

3/ Forecast

4/ Net Export figures are on a July-June basis.

Table 15--World Rice Production, Trade and Stocks 1/

	1975/76	1976/77	1977/78 <u>2/</u>	1978/79 <u>3/</u>
	<u>Million Metric Tons</u>			
Production				
Bangladesh	19.2	17.6	19.6	19.5
Burma	9.2	9.3	8.8	8.8
India	73.2	64.2	78.8	80.3
Indonesia	22.3	23.3	22.8	25.3
Japan	16.5	14.7	16.4	14.7
Korea, Rep. of	6.5	7.2	8.3	8.4
Pakistan	3.9	4.1	4.4	4.3
PRC	126.5	125.5	126.5	130.0
Thailand	15.2	15.8	15.0	15.5
EC-9	1.0	.9	.7	1.0
Australia	.4	.5	.5	.5
Argentina	.3	.3	.3	.3
Brazil	8.5	8.0	7.5	8.4
U.S.	5.8	5.2	4.5	6.5
All Others	52.0	52.0	52.2	52.4
World Total	360.6	348.9	366.3	375.9
Exports				
Australia	.2	.3	.3	.3
Burma	.6	.6	.4	.4
Italy	.4	.3	.2	.3
Pakistan	.9	.8	.8	.8
PRC	.9	.7	1.1	1.0
Thailand	1.9	2.9	1.5	1.8
U.S.	2.0	2.3	2.2	2.1
All Others	1.4	2.0	2.6	2.2
World Total	8.4	9.8	9.1	8.3
Imports				
Bangladesh	.3	.5	.3	.1
EC-9	.9	.9	.8	.9
Hong Kong	.3	.4	.3	.3
Indonesia	1.3	2.0	2.5	1.5
Iran	.3	.4	.5	.6
Korea, Rep. of	.2	.1	.0	.0
Malaysia, West	.1	.2	.5	.5
Philippines	.1	.0	.0	.0
Singapore	.2	.2	.1	.2
Sri Lanka	.4	.5	.3	.2
All Others	4.3	4.6	3.7	3.9
World Total	8.4	9.8	9.1	8.3
Ending Stocks World Total	17.5	17.0	21.1	24.2
U.S.	1.2	1.3	.9	1.7
Total Foreign	16.3	15.7	20.2	22.4

1/ Figures taken from the September issue of the Foreign Agricultural Circular on Grains. Production is on rough basis, trade and stocks are listed as milled. Trade data on calendar year basis.

2/ Preliminary.

3/ Forecast.



Table 16--World Production, Net Exports, and Disappearance of High Protein Meals 1/, 2/, 3/

Region	1975			1976			1977 4/			1978 5/			1979 5/		
	Production 6/	Net Exports	Disappearance	Production 6/	Net Exports	Disappearance	Production 6/	Net Exports	Disappearance	Production 6/	Net Exports	Disappearance	Production 6/	Net Exports	Disappearance
Developed Countries															
United States	27.1	14.1	12.8	33.6	17.4	14.9	28.5	17.6	14.1	38.0	21.8	15.0	33.8	21.5	17.0
Canada	1.0	-1.0	1.3	1.2	-0.1	1.3	0.7	-0.1	0.6	1.3	-0.2	1.5	1.8	0.1	1.7
EC-9	1.2	-12.2	13.4	1.0	-14.5	15.5	0.9	-15.3	16.2	1.3	-16.9	17.9	1.1	-17.9	18.0
Other Western Europe	1.2	-2.0	3.8	1.1	-3.2	4.3	1.1	-3.1	4.2	1.2	-3.7	4.9	1.1	-4.1	5.3
Japan	1.2	-3.1	4.3	1.2	-3.8	5.0	1.2	-4.0	5.2	1.3	-4.7	6.0	1.2	-5.1	6.4
Australia/New Zealand	0.2	---	0.2	0.2	---	0.2	0.2	-0.1	0.3	0.2	-0.1	0.3	0.2	-0.2	0.4
South Africa	0.7	0.2	0.5	0.6	0.2	0.4	0.7	---	0.7	0.7	---	0.7	0.7	---	0.7
Subtotal	32.6	---	36.3	38.9	---	41.6	33.3	---	41.5	43.8	---	46.5	45.1	---	50.5
Centrally Planned Countries															
Eastern Europe	1.4	-4.2	5.6	1.5	-4.5	6.0	1.1	-5.0	6.1	1.3	-5.4	6.7	1.4	-5.6	7.0
USSR	4.8	-4.4	5.2	4.4	-1.5	5.9	4.6	-1.1	5.7	4.6	-1.1	5.7	4.6	-1.4	6.0
People's Republic of China	5.0	-3.3	5.3	5.8	-5.5	6.3	5.5	-2.2	5.7	5.6	-2.1	5.7	5.8	---	5.8
Subtotal	11.2	---	16.1	11.7	---	18.2	11.2	---	17.5	11.5	---	18.1	11.8	---	18.8
Developing Countries															
Mexico/Canada	1.0	-1.1	1.1	0.9	-0.4	1.3	0.7	-0.7	1.4	0.9	-0.9	1.8	0.9	-1.0	1.9
Brazil	7.8	5.6	2.2	8.5	7.1	1.4	9.5	7.7	1.8	7.8	6.4	1.4	10.2	8.4	1.8
Argentina	1.1	0.6	0.5	1.4	0.9	0.5	2.0	1.6	0.4	3.0	2.6	0.4	3.5	3.0	0.5
Other South America	1.8	1.0	0.8	1.8	1.3	0.5	1.2	0.7	0.5	1.3	0.7	0.6	1.3	0.7	0.6
North Africa	0.8	0.3	0.5	0.7	0.3	0.4	0.8	0.2	0.6	0.9	0.2	0.7	0.9	0.2	0.7
Central Africa	1.8	0.9	0.9	1.8	0.8	1.0	1.7	0.8	0.9	1.7	0.7	1.0	1.7	0.7	1.0
West Asia	0.8	-0.1	0.9	0.8	-0.3	1.1	0.8	-0.3	1.2	0.9	-0.4	1.3	0.9	-0.4	1.3
South Asia	3.9	0.9	3.0	4.7	1.8	2.9	3.9	1.2	2.7	4.0	1.3	2.7	4.2	1.4	2.8
Southeast Asia	0.3	0.1	0.2	0.3	---	0.3	0.3	0.1	0.2	0.3	---	0.2	0.3	0.1	0.2
East Asia	1.0	---	1.0	1.1	---	1.1	1.0	---	1.0	1.1	-0.2	1.3	1.1	-0.3	1.4
Subtotal	20.5	---	11.5	22.3	---	10.4	22.3	---	11.0	21.9	---	11.4	25.0	---	12.2
World Total	64.3	---	64.1	72.8	---	71.5	66.4	---	69.6	76.7	---	75.5	81.9	---	81.6

1/ Includes soybeans, peanuts, cottonseed, rapeseed, sunflowerseed, flaxseed, copra, palm kernels, sesameseed, and fishmeal on a 44 percent soybean meal equivalent basis.

2/ World, U.S., and country or region production and trade data from FAS, OAP. Some country and region figures are estimated from partial data.

3/ Totals may not add due to rounding and lack of perfect comparability among data.

4/ Preliminary.

5/ Forecast.

6/ Meal Production from domestically produced seed.

Table 17--Monthly prices of selected oilseeds, meals, and oils, 1977, 1978 1/2/

Commodity	Year	Port	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
			$\frac{\$N.Y.}{T.}$												
Soybeans	1977	Rotterdam	287	293	328	384	371	326	252	230	205	209	236	241	280
	1978	Rotterdam	239	239	273	290	290	278	266						
Soybean meal	1977	Rotterdam	251	248	272	316	298	253	193	174	174	179	200	200	230
	1978	Rotterdam	200	188	215	224	221	200	207						
Soybean oil	1977	Decatur	455	493	584	653	687	630	522	464	421	410	461	500	498
	1978	Decatur	460	477	587	600	631	592	569						
Copra	1977	N.W. Europe	377	396	510	526	502	433	365	318	325	333	355	388	402
	1978	N.W. Europe	380	397	435	405	417	459	452						
Coconut meal	1977	Hamburg	198	187	176	198	185	182	174	171	162	164	172	177	179
	1978	Hamburg	170	162	163	166	167	169	173						
Coconut oil	1977	Rotterdam	546	576	735	793	718	620	513	451	463	479	505	539	578
	1978	Rotterdam	541	561	650	600	596	646	644						
Peanuts	1977	UK	529	547	555	582	606	635	n.q.3/	540	480	468	492	544	543
	1978	UK	562	558	557	635	660	667	634						
Peanut oil	1977	Rotterdam	849	856	871	881	897	848	804	807	773	794	852	917	846
	1978	Rotterdam	956	910	1,020	1,127	1,128	1,106	1,042						
Rapeseed	1977	N.W. Europe	293	306	326	372	374	342	290	266	279	292	303	302	312
	1978	N.W. Europe	294	298	319	330	n.q.3/	321	287						
Fishmeal	1977	Hamburg	467	452	442	484	506	477	447	382	408	456	462	464	454
	1978	Hamburg	452	434	434	416	410	408	401						
Palm oil	1977	N.W. Europe	462	507	598	647	659	619	520	493	460	450	445	501	530
	1978	N.W. Europe	514	558	598	603	624	654	622						

1/ All prices c.i.f. European ports except soybean oil which is f.o.b. Decatur.

2/ Source: OIL World; various issues.

~~3/~~ No quote.

Table 18--World centrifugal sugar production by regions and major countries,  
average 1969/70-1971/72 and annual 1975/87-1977/78

Country and region	Production			
	1969/70- 71/72	1975/76	1976/77	1977/78
North America	17,516	19,202	18,786	18,778
Canada	127	141	165	150
United States <u>1/</u>	5,587	6,535	6,233	5,730
Cuba	6,382	6,200	6,100	6,300
Dominican Republic	1,073	1,249	1,220	1,315
Mexico	2,466	2,698	2,697	2,890
Other North America	1,881	3,612	3,719	3,915
South America	9,133	11,318	12,729	13,639
Argentina	956	1,349	1,592	1,690
Brazil	5,119	6,200	7,500	8,600
Other South America	3,058	3,836	3,689	3,783
Western Europe	11,074	12,377	13,147	14,643
EC-9	9,318	10,189	10,478	12,124
Other Western Europe	1,756	2,197	2,721	2,632
Eastern Europe	4,232	4,930	5,269	5,770
USSR	8,592	7,700	7,350	8,825
Africa	4,729	5,427	6,031	6,125
South Africa Republic	1,637	1,802	2,042	2,084
Asia	12,781	17,662	19,738	19,160
China, People's Republic	1,957	2,550	2,600	2,550
India	4,113	5,464	6,043	7,000
Japan	485	471	565	615
Philippines	1,951	2,875	2,680	2,325
Oceania	2,813	3,272	3,712	3,809
Australia	2,467	2,988	3,405	3,440
World Total	70,908	81,888	86,762	90,749

SOURCE: Foreign Agricultural Service

1/ Includes Hawaii and Puerto Rico.



Table 19.--World coffee production and exportable production

	Production				Exportable production 1/			
	Average		1977/78: 1978/79		Average		1977/78: 1978/79	
	: 1969/70-71/72	: 2/	: 3/	: 1969/70-71/72	: 1975/76: 1976/77	: 1975/76: 1976/77	: 2/	: 3/
	----- 1,000 bags (60 kg. each) -----							
N. and S. America:	40,552	48,975	35,560	45,011	48,754	25,955	34,801	22,921
Mexico	3,225	4,200	3,750	3,750	3,800	1,696	2,660	2,500
Guatemala	1,897	2,149	2,534	2,250	2,600	1,648	1,859	2,236
El Salvador	2,423	2,328	2,525	2,000	2,900	2,268	2,158	2,340
Brazil	17,450	23,000	9,300	17,500	20,000	8,867	15,000	2,300
Colombia	7,817	8,500	9,300	9,800	10,100	6,407	7,100	7,900
Africa	19,735	18,447	18,827	16,871	19,003	19,362	17,109	17,401
Angola	3,333	1,200	1,200	1,400	1,500	3,233	1,140	1,140
Ethiopia	2,083	1,900	2,000	1,900	1,900	1,422	1,175	1,275
Ivory Coast	4,358	5,133	4,800	3,333	5,000	4,295	5,066	4,733
Uganda	3,067	2,800	2,700	2,600	2,600	3,050	2,778	2,678
Asia and Oceania:	5,209	5,771	6,415	6,618	6,745	2,646	3,589	4,251
India	1,417	1,478	1,791	2,008	2,092	960	729	941
Indonesia	2,267	2,865	3,089	3,117	3,185	1,423	1,965	2,275
World	65,496	73,193	60,802	68,500	74,502	47,105	55,499	44,573
							51,393	56,453

1/ Total harvested production less estimated domestic consumption.

2/ Estimated.

3/ Forecast.

Source: Foreign Agricultural Service.

Table 20--World cotton production, trade, and mill consumption

Country and region	Production			Exports			Imports			Consumption		
	1969/70-1975/76	1976/77	1977/78	1969/70-1975/76	1976/77	1977/78	1969/70-1975/76	1976/77	1977/78	1969/70-1975/76	1976/77	1977/78
	71/72	1975/76	1976/77	71/72	1975/76	1976/77	71/72	1975/76	1976/77	71/72	1975/76	1976/77
	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/
	Million 480-lb. bales											
United States	10.2	8.3	10.6	14.4	3.4	4.8	3.3	4.8	1.1	8.2	7.3	6.5
USSR	10.1	11.6	12.0	12.7	2.5	3.9	4.3	4.1	1.0	8.2	8.7	9.1
China, People's Rep.	9.2	11.0	10.8	9.6	1.1	2.1	2.3	0.2	1.5	9.5	12.2	12.9
India	5.1	5.3	5.0	5.5	2.2	3.3	3.3	0.2	0.7	5.4	6.2	5.7
Pakistan	2.7	2.4	1.9	2.4	1.7	4.1	4.1	0.1	0.6	2.0	2.2	2.0
Brazil	2.8	1.8	2.5	2.1	1.5	4.4	4.4	0.1	0.1	1.4	1.9	2.1
Egypt	2.4	1.8	1.8	1.8	1.4	8.1	8.1	0.1	0.6	1.4	1.9	2.1
Turkey	2.0	2.2	2.2	2.6	1.3	2.2	2.2	0.6	1.1	0.9	1.0	1.2
Mexico	1.6	1.9	1.0	1.6	1.0	0.5	0.5	0.7	0.7	0.8	1.3	1.3
Central America	0.9	1.2	1.5	1.6	1.8	1.3	1.3	1.3	0.7	0.7	0.7	0.7
Sudan	1.1	0.4	0.7	0.8	1.0	1.0	1.0	0.6	0.6	0.1	0.2	0.2
EC-9	---	---	---	---	---	---	---	---	---	---	---	---
Eastern Europe	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Japan	---	---	---	---	---	---	---	---	---	---	---	---
Hong Kong	---	---	---	---	---	---	---	---	---	---	---	---
Taiwan	---	---	---	---	---	---	---	---	---	---	---	---
Korea, Rep. of	---	---	---	---	---	---	---	---	---	---	---	---
Other	2.3	7.2	8.5	4.1	4.1	3.9	4.2	3.9	3.5	7.1	7.8	8.5
World Total	55.5	54.2	58.3	63.7	18.0	19.8	19.3	18.6	19.7	56.4	62.1	61.8

1/ Estimated.

SOURCE: Foreign Agricultural Service.

Table 21--Cotton stocks beginning of season 1969/70-1978/79

	World	U.S.	USSR	Foreign non- communist	Total exporters	Total importers
	Million 480-lb. bales					
1969/70-71/72	21.5	5.5	1.4	12.0	13.0	8.4
1975/76	30.0	5.7	3.3	17.3	19.8	11.2
1976/77	23.4	3.7	2.5	12.5	12.7	10.7
1977/78	20.2	2.9	1.6	11.7	11.0	9.1
1978/79	22.2	5.3	2.1	12.8	14.0	8.8

Source: Foreign Agricultural Service.



Table 22--United States cotton exports by destination, 1969/70-1977/78 1/

Country	: Average :	:	:	:	:
	: 1974/70- :	: 1974/75 :	: 1975/76 :	: 1976/77 :	: 1977/78 :
	: 1971/72 :	:	:	:	:
	:-----1,000 running bales-----				
Bangladesh	: ---	48	138	113	42
Canada	: 261	186	131	187	214
China, People's Republic	: ---	289	8	---	414
China, Republic of (Taiwan)	: 296	384	507	436	490
European Community	: (306)	(316)	(112)	(263)	(312)
France	: 42	65	23	45	80
Germany, Federal Republic	: 56	52	11	36	65
Italy	: 75	98	53	85	77
United Kingdom	: 65	38	10	66	59
Other	: 68	63	15	31	31
Hong Kong	: 100	73	126	358	479
India	: 191	---	---	273	---
Indonesia	: 221	72	233	191	223
Japan	: 730	957	646	973	1,028
Korea	: 478	628	893	913	1,172
Philippines	: 136	111	106	88	98
Poland	: 30	22	32	8	34
Romania	: 49	44	---	17	32
Spain	: 20	58	17	86	64
Switzerland	: 27	58	29	76	105
Thailand	: 102	106	71	165	161
Others	: 191	365	129	418	351
World	: 3,245	3,746	3,178	4,565	5,219

1/ Years beginning August 1.2/ Running bales are approximately 500-lb. bales

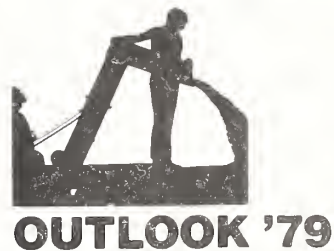
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